Board of Directors’ Report and Financial Statements

2024

Board of Directors' Report

Board of Directors' Report

for the financial year October 2023 – December 2024

Market outlook

Musti Group operates in the Nordic and Baltic pet care markets, broadly defined as the sale of pet food, products, services and veterinary care. In our Nordic markets Finland, Sweden and Norway, our core market consisting of pet food and products was estimated by Euromonitor at approximately EUR 2.2 billion in 2023, with Sweden as the largest market (approximately EUR 0.8 billion), followed by Finland (approximately EUR 0.8 billion) and Norway (approximately EUR 0.6 billion). In late 2024, Musti entered the Baltic market through acquisition of Pet City with operations in Estonia, Latvia and Lithuania.

Pet care market is driven by an underlying long term structural trend called pet parenting, the tendency of people to treat their pets increasingly like family members. This trend leads to premiumization and humanization as consumers spend more on higher quality and more premium nutrition, as well as a more diverse range of products and wider adoption of services.

Key Events

- In November 2023, the Company withdrew three batches of SMAAK pet food following customer claims. The high concentration of glycoalkaloids in a batch of imported potato flakes was identified as the reason for the symptoms caused by the withdrawn products.
- A consortium comprising Sonae, Jeffrey David, Johan Dettel and David Rönnberg announced a recommended public tender offer through Flybird Holding Oy for all shares in Musti on 29 November 2023. On 20 February 2024, the Offeror announced the final result of the tender offer and that it completes the tender offer.
- On 20 February 2024, the Offeror announced that it will commence a subsequent offer period for those shareholders of Musti who have not yet accepted the tender offer.
- On 11 March 2024, the Offeror announced the final result of the subsequent offer period. The shares validly tendered during the subsequent offer period represent approximately 80.65 per cent of the shares and votes in Musti.
- In November 2024, Musti acquired the shares of Pet City OÜ including its subsidiaries Pet City UAB, Pet City SIA and Pet City Klinika UAB and Eesti Veterinaaria Kliinikum OÜ from Magnum Group for an Enterprise Value (EV) of EUR 18.0 million, of which EUR 13.7 million was paid in cash at closing. The remaining will be settled once the closing accounts have been approved by both buyer and the seller.
- Pet City operates 46 retail stores and 16 veterinary clinics in the Baltic countries including an e-commerce platform operating throughout the Baltic region. Pet City is reported in the New Markets segment that was formed in December 2024.

Group performance

Musti Group's financial year was changed to calendar year during the reporting period, and therefore the financial year 2024 covers 15 months. The financial year was from 1 October to 30 September prior to the change. Due to the extended financial year, the amounts presented in this report are not entirely comparable. Comparison period for the financial year 2024 is 1 October 2022 – 30 September 2023. Like-for-like growth for financial year 2024 has been calculated for the 15-month period.

Group key figures

EUR million or as indicated	10/2023–12/2024	10/2022– 9/2023
Net sales	560.6	425.7
Net sales growth, %	N/A	8.9%
LFL sales growth, %	1.1%	9.5%
LFL store sales growth, %	-1.6%	6.7%
Online share, %	24.3%	23.0%
Gross margin, %	44.1%	45.7%
EBITDA	67.2	74.6
EBITDA margin, %	12.0%	17.5%
Adjusted EBITDA	81.6	73.6
Adjusted EBITDA margin, %	14.6%	17.3%
EBITA	23.6	43.6
EBITA margin, %	4.2%	10.2%
Adjusted EBITA	38.0	42.6
Adjusted EBITA margin, %	6.8%	10.0%
Operating profit	16.2	37.8
Operating profit margin, %	2.9%	8.9%
Profit/loss for the period	6.7	26.5
Earnings per share, basic, EUR	0.20	0.79
Net cash flow from operating activities	46.9	79.6
Investments in tangible and intangible assets	19.2	11.9
Net debt / LTM adjusted EBITDA	3.1	1.9
Number of customers, thousands	1,866	1,806
Number of stores at the end of the period	415	342
of which directly operated	411	330

Group net sales

EUR million	10/2023–12/2024	10/2022–9/2023
Net sales		
Group	560.6	425.7
Finland	242.1	189.9
Sweden	224.2	170.9
Norway	91.1	64.9
New Markets	3.2	

Group net sales for the 15-month period was EUR 560.6 million (EUR 425.7 million). In addition to the longer financial year, network expansion had a positive impact on the net sales and was partly offset by currency exchange rate fluctuations. Pet City increased the net sales by EUR 3.2 million during FY24. The effect on the Group's net sales would have been approximately EUR 42.2 million if the acquisition had been consolidated from the beginning of the financial year.

Currency exchange rate changes affected the net sales negatively by EUR 6.0 million. Weakened SEK exchange rate decreased sales by EUR 1.5 million and NOK exchange rate decreased sales by EUR 4.5 million. Like-for-like growth, which is calculated in local currencies, amounted to 1.1% (9.5%).

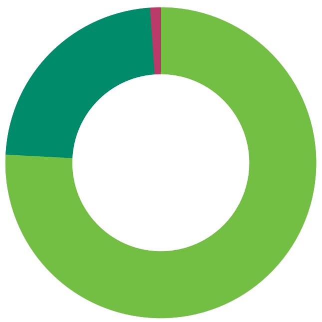
Store sales was EUR 413.2 million (EUR 322.3 million). We added a net 81 directly operated stores during the financial year to our network of which 62 as part of the acquisition of Pet City. Like-for-like store sales growth was -1.6% (6.7%). Online sales were EUR 136.4 million (EUR 97.8 million). Like-for-like online sales growth was 10.1% (19.0%). Online sales accounted for 24.3% (23.0%) of total net sales.

The total number of customers increased by 3.3% to 1,866 thousand (1,806 thousand). Rolling 12 months average spend per loyal customer was EUR 209.1 (EUR 206.4).

Net sales by segment FY 2024

- Finland, 43%
- Sweden, 40%
- Norway, 16%
- New Markets, 1%

Net sales by channel FY 2024



- Store sales, 74%
- Online sales, 24%
- Other sales*, 2%

*Other sales include franchise fees and wholesale.

Group result

Group adjusted EBITA was EUR 38.0 million (EUR 42.6 million). This was impacted by the continuously weak consumer climate, pressure in gross profit and inflation. Recent movements of the local currencies SEK and NOK had a negative impact of EUR 0.6 million on adjusted EBITA (EUR 3.1 million negative in the comparison period). Adjusted EBITA margin was 6.8% (10.0%).

Gross margin decreased to 44.1% (45.7%). The share of sales of own and exclusive brands was 51.5% (52.4%). The share of employee benefits and other operating expenses as percentage of sales was 33.1% (29.4%) mainly driven by the significant amount of non-recurring costs and inflation.

Depreciation amounted to EUR 43.7 million (EUR 31.0 million) and amortization amounted to EUR 7.3 million (EUR 5.8 million). Main driver is the growing store network via IFRS 16 impact.

Adjustments to EBITA were EUR 14.4 million (EUR -0.9 million) in the reporting period. The adjustments include costs relating to the public tender offer, digitalization projects, the value added taxes related to IPO, restructuring, the acquisition of Pet City, and the product recall which was made in November 2023.

Unadjusted operating profit was EUR 16.2 million (EUR 37.8 million).

Profit before taxes amounted to EUR 8.2 million (EUR 33.7 million). The impact of financial income and expenses (net) on profit before taxes was EUR 8.1 million negative (EUR 4.1 million negative), mainly due to interest expenses and change in fair value of hedging instruments. Profit for the period was EUR 6.7 million (EUR 26.5 million) and basic earnings per share was EUR 0.20 (0.79).

Musti Group has been subject to a tax audit of Musti Group Oyj, Musti Group Finland Oy and Musti Group Nordic Oy regarding financial years 2018-2020. Musti Group Oyj has in October 2021 received a tax audit report from the Finnish tax authorities. The tax audit report included subsequent taxes and tax increases amounting to a total of EUR 0.9 million, relating to the VAT deductibility of IPO related costs. Tax and increases have been paid in November 2021. The Company disagreed with the interpretation made in the tax audit and filed a claim for adjustment. Based on the decision by the Tax Administration, the Company recognized EUR 0.4 million in 2023 and based in the final decision EUR 0.2 million in 2024 of VAT as an expense. The Tax Administration returned EUR 0.3 million paid VAT to the Company.

Financial position and cashflow

Net cash flow from operating activities totaled EUR 46.9 million (EUR 79.6 million) in the financial year. Change in net working capital had an impact of EUR -12.6 million (EUR 14.7 million) to the cash flow during the financial year. Operating cash flow was also affected by a significant amount of non-recurring costs, totaling EUR 15.3 million. Cash flow used in investing activities during the financial year amounted to EUR 40.5 million (EUR 18.6 million).

Cash and cash equivalents at the end of the financial year amounted to EUR 11.8 million (31 December 2023: EUR 18.9 million). Total consolidated assets amounted to EUR 443.3 million (31 December 2023: EUR 399.5 million).

Equity attributable to owners of the parent company totaled EUR 166.9 million (31 December 2023: EUR 171.3 million).

Gearing at the end of the financial year was 112.3% (31 December 2023: 80.0%) and net debt amounted to EUR 187.5 million (31 December 2023: EUR 137.0 million). At the end of the financial year, the interest-bearing loans and commercial papers included in net debt amounted to EUR 104.3 million (31 December 2023: EUR 74.9 million) and lease liabilities EUR 95.6 million (31 December 2023: EUR 79.3 million).

Musti Group focuses on maintaining sufficient liquidity in the group. Musti Group had an unutilized EUR 5.0 million bank overdraft, unutilized term facilities of EUR 15 million, unutilized revolving credit facilities in total of EUR 100 million and a EUR 50 million commercial paper program of which EUR 7.5 million was in use.

Musti Group signed a 3+1-year Facilities Agreement with Danske Bank, OP Corporate Bank plc and Swedbank AB (Publ) on 28th August 2024. The Facilities Agreement consists of a EUR 110 million Term Facility, a EUR 100 million Revolving Credit Facility and an uncommitted Accordion Facility of EUR 60 million. The proceeds were used to refinance existing indebtedness and to support the company achieving long-term strategic goals. The Facilities Agreement matures in August 2027 and with the agreed 1-year extension option, final maturity reaches August 2028.

Investments

In October 2023 – December 2024, investments in tangible and intangible assets amounted to EUR 19.2 million (EUR 11.9 million). Investments were mainly related to new and relocated stores, logistics and production machinery as well as IT and digital platform development projects.

In November 2024, Musti acquired the shares of Pet City OÜ including its subsidiaries, Pet City UAB, Pet City SIA and Pet City Klinika UAB and Eesti Veterinaaria Kliinikum OÜ from Magnum Group for an Enterprise Value (EV) of EUR 18.0 million, of which EUR 13.7 million was paid in cash at closing. The remaining will be settled in cash once the closing accounts have been approved by both buyer and the seller.

In addition, EUR 5.7 million were invested in acquisitions whereby Musti Group acquired the businesses of eight pet stores and a majority ownership of a veterinary clinic in Sweden during the financial year 2024. In December 2024, Musti invested EUR 2.0 million in a 40% share of a veterinary business Petrus Veterinærer AS in Norway. The company is treated as an associated company.

Strategy and targets

Our strategy is to continue developing the Musti concept and value proposition in the Nordic markets to serve existing customers better and to acquire new customers, with focus on Pet Parents.

Winning new customers

Musti Group is well positioned to continue our track record of winning new customers from the large and growing Nordic population of dogs and cats.

Success in new customer acquisition is a key driver of continued market share gain across our Nordic markets. Acquisition of puppies and kittens is especially important from a lifetime value perspective. This is supported by our concept, our leading brand awareness, and customer focus. The underlying pet parenting trend, favoring Musti Group's concept, continues strong.

Grow share of wallet

Growing the share of wallet within our customers is a clear opportunity for Musti Group. To deepen the engagement of our customers, Musti is developing an ecosystem approach for Nordic pet parents with an 'All you need is Musti' mentality across the pet lifecycle. Supported by data we are able to customize our value proposition to individual needs of Nordic pets and their parents.

Rolling 12 months average spend per loyal customer increased to EUR 209.1 in financial year 2024 (EUR 206.4 on 30 September 2023).

Expand store network and number of service points

Musti Group entered the Baltic markets in November 2024 by acquisition of the shares of Pet City OÜ (including its subsidiaries Pet City UAB, Pet City SIA and Pet City Klinika UAB) and Eesti Veterinaaria Kliinikum OÜ. Pet City operates 46 retail stores and 16 veterinary clinics in the Baltic countries including an e-commerce platform operating throughout the Baltic region. In addition, we continue rolling out further stores to win new customers through our strong concept and increased convenience, with local presence in Nordic and Baltic communities enabling customers to switch to the Musti Group platform. This is complemented by a strong online offering, representing 24.3% (23.0%) of sales.

Musti Group has the largest pet specialty store footprint in the Nordic countries. Expansion investments come with long term benefits and the number of directly operated stores has increased from 231 end of financial year 2020 to 415 after financial year 2024. Along with expanding the store network, Musti Group has invested into adding services to our network.

Focusing on driving gross margins through increased O&E share and leveraging scale

A core element of Musti Group's strategy is developing the offering of own and exclusive products sold only in Musti Group's channels. This comes with three main benefits of the uniqueness of our offering, loyalty especially in food and other consumable categories, and higher gross margin profile.

Musti Group has historical track record in driving a solid gross margin. Own and exclusive brands are a cornerstone of our high gross margins as these brands typically carry 10-15 percentage points higher margins compared to global brands.

In financial year 2024, gross margin decreased to 44.1% (45.7%) This was impacted by the continuously weak consumer climate, due to targeted investment in price and campaign activities and inflation. Share of sales of own and exclusive brands was 51.5% (52.4%) during the year.

Leveraging broadly invested platform to drive operating leverage and scale benefits

Significant investments to Musti Group's IT, digital platforms, warehouse and production facility are expected to drive increased operating leverage and scale benefits to further increase Musti Group's profitability as topline growth is expected to continue while fixed costs may be spread across larger net sales.

Financial targets

Following its review in April 2024, the Board of Directors of Musti Group Plc decided to withdraw the company's long-term financial targets, updated by the Board of Directors on 3 May 2021. With the new majority owner, Musti Group is now in a new strategic phase with need to focus on sustainable growth to create value to its pet parent customers, owners and other stakeholders. In addition, the Board of Directors resolved to amend the company's dividend policy as follows: The company's net profit shall be used towards financing the company's growth and investments, and the company does not expect to distribute dividends. The Board of Directors may however assess dividend distribution annually.

Business segment performance

Musti Group's reporting segments are primarly based on geographical regions Finland, Sweden and Norway. The segment structure is based on geographical division where Finland, Sweden and Norway are separated to individual operating segments based on how the chief operating decision-maker monitors the business operations. In addition, the management monitors the new market areas separately, for which the new operating and reporting segment, the New Markets, was formed in the end of 2024. Currently the segment comprises of the Baltic countries. In other items, Musti Group reports the Group functions, including the operations of the headquarters, the central warehouse and production.

Finland

Finland is our most mature market where Musti Group is the market leader with a nationwide network. A vast majority of Finnish pet parents are within convenient reach of a Musti store complemented by an omni-channel offering with fast deliveries. Musti Group's brands in Finland are Musti ja Mirri (store, services and omnichannel) and Peten Koiratarvike (online focus complemented by select stores).

In Finland, our goal is to continuously optimize our footprint and offering to best meet consumer needs, and to invest in maintaining our market leading omnichannel offering.

EUR million or as indicated	10/2023–12/2024	10/2022–9/2023
Net sales	242.1	189.9
Net sales growth. %	27.5%	11.9%
LFL segment sales growth, %	-1.3%	9.7%
EBITDA	60.6	52.6
EBITDA margin. %	25.1%	27.7%
Adjusted EBITDA	61.2	52.6
Adjusted EBITDA margin. %	25.3%	27.7%
EBITA	46.0	41.5
EBITA margin. %	19.0%	21.8%
Adjusted EBITA	46.6	41.5
Adjusted EBITA margin. %	19.2%	21.9%
Number of stores	137	136
of which directly operated	137	136

Net sales in Finland were EUR 242.1 million (EUR 189.9 million). Net sales were positively affected by the online sales and the acquisition of Premium Pet Food Suomi Oy pet food factory, which was carried out during Q3/2023. Sales were negatively offset by weak consumer climate and the product recall made in November 2023. Like-for-like sales growth was -1.3%.

EBITA was EUR 46.0 million (EUR 41.5 million). Adjusted EBITA was EUR 46.6 million (EUR 41.5 million). Adjusted EBITA margin was 19.2% (21.9%).

During the reporting period, one new directly operated store was opened and one closed. One third party store was acquired.

Sweden

Musti Group has been present in Sweden since 2010 and is today the Swedish market leader with 133 stores complemented by omnichannel through the brands Arken Zoo (store, omnichannel and veterinary clinics) and VetZoo (online focus).

In Sweden, our focus is on continued customer acquisition and network expansion as we see further room to increase our reach in the larger Swedish market when compared to our more mature Finnish benchmark.

EUR million or as indicated	10/2023–12/2024	10/2022–9/2023
Net sales	224.2	170.9
Net sales growth. %	31.2%	3.6%
LFL segment sales growth. %	1.0%	8.6%
EBITDA	43.8	36.3
EBITDA margin. %	19.5%	21.2%
Adjusted EBITDA	44.0	36.5
Adjusted EBITDA margin. %	19.6%	21.4%
EBITA	28.9	25.5
EBITA margin. %	12.9%	14.9%
Adjusted EBITA	29.1	25.7
Adjusted EBITA margin. %	13.0%	15.0%
Number of stores	133	131
of which directly operated	129	119

Net sales in Sweden was EUR 224.2 million (EUR 170.9 million). The weakened SEK exchange rate decreased sales by EUR 2.0 million in the reporting period. The like-for-like sales growth, which is calculated in local currencies, was 1.0%.

EBITA was EUR 28.9 million (EUR 25.5 million). Adjusted EBITA was EUR 29.1 million (EUR 25.7 million). Adjusted EBITA margin decreased to 13.0% (15.0%).

During the reporting period, three new directly operated stores were opened, seven stores were acquired, and two franchise stores left the chain.

Norway

Musti Group entered Norway in late 2016 and has reached market leadership with presence in 83 local communities complemented by our omnichannel offering. Our brands in Norway are Musti (store, services and omnichannel) and VetZoo (online).

Norway remains a more fragmented market where Musti Group holds a market leading position, yet clearly lower market share compared to Finland and Sweden. Therefore our focus is to continue on the path of market share gains through continued customer acquisition supported by further store roll-out into more communities, and on increasing country profitability as the network matures.

EUR million or as indicated	10/2023–12/2024	10/2022–9/2023
Net sales	91.1	64.9
Net sales growth. %	40.3%	14.9%
LFL segment sales growth. %	9.0%	11.3%
EBITDA	20.6	15.1
EBITDA margin. %	22.6%	23.2%
Adjusted EBITDA	20.6	15.1
Adjusted EBITDA margin. %	22.6%	23.2%
EBITA	12.9	9.4
EBITA margin. %	14.1%	14.5%
Adjusted EBITA	13.0	9.4
Adjusted EBITA margin. %	14.2%	14.5%
Number of stores	83	75
of which directly operated	83	75

Net sales in Norway were EUR 91.1 million (EUR 64.9 million), driven by like-for-like sales growth of 9.0% and ramp-up of the stores opened during the last twelve months. The weakened NOK exchange rate decreased sales by EUR 4.0 million in the reporting period.

EBITA was EUR 12.9 million (EUR 9.4 million). Adjusted EBITA was EUR 13.0 million (EUR 9.4 million). The currency exchange rate continued to affect profitability negatively throughout the reporting period. Adjusted EBITA margin was 14.2% (14.5%).

During the reporting period, ten directly operated stores were opened and two were closed.

New Markets

Musti entered the Baltic markets in November 2024 by acquiring Pet City. Pet City operates 46 retail stores and 16 veterinary clinics in the Baltic countries including an e-commerce platform operating throughout the Baltic region. The store network consists of 25 stores in Estonia, 14 in Latvia and 7 in Lithuania. On the veterinary clinic side, there are 8 clinics in Estonia, 4 in Latvia and 4 in Lithuania.

EUR million or as indicated	10/2023–12/2024
Net sales	3.2
EBITDA	0.2
EBITDA margin, %	5.8%
Adjusted EBITDA	0.2
Adjusted EBITDA margin, %	5.8%
EBITA	-0.2
EBITA margin, %	-6.1%
Adjusted EBITA	-0.2
Adjusted EBITA margin, %	-6.1%
Number of stores	62
of which directly operated	62

Pet City, which is reported in the segment New Markets, was acquired in November 2024 and has been consolidated in Musti Group since December 2024. The key financial figures for December are presented in the table above. The net sales would have been approximately EUR 42.2 million if Pet City had been consolidated from the beginning of the financial year.

Group functions

Adjusted EBITA was EUR -50.5 million (EUR -34.0 million). The adjustments include costs relating to the public tender offer, digitalization projects, the value added taxes related to IPO, restructuring, the acquisition of Pet City, and the product recall which was made in November 2023. Adjusted Group functions cost in relation to group net sales was 9.0% (8.0%). The increase related to the changed structure of the Group functions after the integration of Premium Pet Food Suomi Oy's production, inflation and investments in growth initiatives.

The EBITA impact of the Group functions was EUR -64.0 million (EUR -32.8 million). The costs relating to the public tender offer were the main driver for the increased costs.

Personnel

At the end of the reporting period on 31 December 2024, the number of personnel was 2,178 (31 December 2023: 1,704) of whom 720 (31 December 2023: 695) were employed in Finland, 679 (31 December 2023: 672) in Sweden, 372 (31 December 2023: 337) in Norway and 408 in Baltics.

Personnel

	1 Oct 2023–31 Dec 2024	1 Oct 2022–30 Sep 2023	1 Oct 2021–30 Sep 2022	1 Oct 2020–30 Sep 2021	1 Oct 2019–30 Sep 2020
Personnel by average	1,761	1,640	1,523	1,284	1,145

Personnel by area

	31 Dec 2024	30 Sep 2023	30 Sep 2022	30 Sep 2021	30 Sep 2020
Finland	714	664	664	616	566
Sweden	681	664	650	578	438
Norway	339	316	274	203	158
Baltics	408	-	-	-	-
Total	**2,142**	**1,643**	**1,587**	**1,397**	**1,162**

Wages and salaries

	1 Oct 2023–31 Dec 2024	1 Oct 2022–30 Sep 2023	1 Oct 2021–30 Sep 2022	1 Oct 2020–30 Sep 2021	1 Oct 2019–30 Sep 2020
Wages and salaries total	81,252	59,370	56,303	47,489	38,042

More information on the remunerations is available for reading at the Remuneration Report published in accordance with the Financial Statements and the Board of Directors' Report.

Changes in Group structure

Musti Group divested its subsidiary Djurfriskvård Borlänge AB in May 2024. The company did not have any business operations and the divestment did not have a material impact on the Group's income statement or balance sheet.

Musti Group acquired a 70% share of a veterinary clinic Ninas Värld Arninge AB in September 2024. The acquisition did not have a material impact on the Group's assets or liabilities.

Musti Group acquired the shares of Pet City OÜ, including its subsidiaries Pet City UAB, Pet City SIA and Pet City Klinika UAB, and Eesti Veterinaaria Kliinikum OÜ in November 2024.

Changes in Group management

On 16 May 2024 Musti Group announced that Toni Rannikko will step down as the CFO and a member of the Management Team of Musti Group plc during summer 2024. On 1 August 2024, Robert Berglund started as new CFO (Chief Financial Officer) and member of the Management Team of Musti Group plc.

Information contained in the notes to the financial statements

Related party transactions are disclosed in note 6.1.

Governance

Musti Group is committed to good corporate governance through compliance with laws and regulations in all its operations and to implementing recommendations for good corporate governance. The governance of the Musti Group complies with the Company's Articles of Association, Finnish and EU laws and regulations, the Finnish Companies Act, the Accounting Act, securities markets regulations and other decrees and regulations relevant to the governance of a public limited liability company. Furthermore, Musti Group's operations are guided by values and internal operating principles ratified by the company.

The governance of Musti Group is described in more detail in the Corporate Governance Statement published in connection with the Financial Statements and the Board of Directors' Report.

Annual General Meeting

Musti Group plc's Annual General Meeting was held on 31 January 2024 in Helsinki.

The Annual General Meeting adopted the annual accounts for the financial year 1 October 2022 – 30 September 2023 and discharged the persons who have acted as the members of the Board of Directors and CEO during the financial year from liability. In its advisory resolution, the Annual General Meeting did not approve the Remuneration Report for the governing bodies.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, that the profit for the financial year 1 October 2022 – 30 September 2023 be added to retained earnings and that no dividend will be paid. Instead, the Annual General Meeting resolved to authorize the Board of Directors, at its discretion, to decide on the payment of a return of capital of an aggregate maximum of EUR 0.60 per share from the Company's invested unrestricted equity reserve in one or more instalments later.

The authorization is valid until the beginning of the next Annual General Meeting. The Company shall publish any decisions concerning the return of capital made by the Board of Directors pursuant to the authorization separately and will in connection therewith confirm the record date and the payment date applicable to the return of capital.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that the members of the Board of Directors be paid the following annual remuneration:

- Chair of the Board of Directors: EUR 65,000
- Other members of the Board of Directors: EUR 35,000

In addition, members of the Audit Committee and the Remuneration Committee of Board of Directors will be paid the following annual remuneration:

- Chair of the Committee: EUR 7,500
- Other Committee members: EUR 5,000

The Annual General Meeting decided that the number of members of the Board of Directors shall be five (5). Jeffrey David, Ingrid Jonasson Blank, Ilkka Laurila, Inka Mero and Johan Dettel were re-elected as members of the Board of Directors for a term of office expiring at the end of the next Annual General Meeting.

Ernst & Young Oy, Authorized Public Accountants, was re-elected as the auditor of the Company for a term of office ending at the end of the next Annual General Meeting. Ernst & Young Oy has notified the Company that Johanna Winqvist-Ilkka, Authorized Public Accountant, will act as the auditor with principal responsibility. The Annual General Meeting decided that the remuneration to the auditor shall be paid against a reasonable invoice approved by the Audit Committee.

The Annual General Meeting decided, in accordance with the proposal of the Board of Directors, that the transfer restriction on the Board of Directors' remuneration shares resolved at the Annual General Meeting held on 27 January 2022 be waived.

The waiver of the transfer restriction enables the members of the Board of Directors holding such remuneration shares, should they wish, to participate in the Tender Offer with such shares.

Extraordinary General Meeting

Musti Group plc's Extraordinary General Meeting was held on 12 April 2024 in Helsinki.

The Extraordinary General Meeting decided that the number of members of the Board of Directors shall be five (5). The Extraordinary General Meeting elected Maria Cláudia Teixeira de Azevedo, João Pedro Magalhães da Silva Torres Dolores and João Nonell Günther Amaral as new members, and Jeffrey David and Johan Dettel were re-elected as members of the Board of Directors. The term of office of those members of the Board of Directors of Musti who were not re-elected, ended upon the closing of the Extraordinary General Meeting.

The Extraordinary General Meeting decided that section 10 of the Articles of Association of Musti is amended to read as follows:

10 § The financial period of the Company shall be the calendar year (1 January–31 December).

The Extraordinary General Meeting decided also that the current financial period of the Company, which commenced on 1 October 2023, shall continue until 31 December 2024. The length of the current financial period shall thus be 15 months. From 1 January 2025 onwards, the financial period of Musti will be the calendar year (1 January–31 December) in accordance with the amended Articles of Association.

Shares and shareholders

Issued shares and share capital

At the end of the financial year on 31 December 2024, Musti Group's share capital was EUR 11,001,853.68 and the total number of shares outstanding was 33,535,453. The company has one share class. Each share carries one vote and entitles to the same dividend.

Trading of shares

Trading of Musti Group's share commenced on the Prelist of Nasdaq Helsinki Ltd on 13 February 2020 and on the Official List on 17 February 2020.

The opening price of the share was EUR 18.00 on the first trading day of the financial year on 2 October 2023. The closing price of the share on the last trading day of the financial year on 30 December 2024 was EUR 19.92. The highest price of the share during the financial year was EUR 27.25, the lowest EUR 16.20. The average closing price during the financial year was EUR 24.14 and the average volume per day was 127,858 shares.

Musti Group's market capitalization was EUR 668.0 million on 30 December 2024.

Own shares

On 31 December 2024 Musti Group held 147,566 (147,566) own shares representing 0.44% (0.44%) of the total number of shares and votes. Musti Group did not purchase its own shares during the reporting period.

Public Tender Offer for Musti's shares

A consortium comprising Sonae, Jeffrey David, Johan Dettel and David Rönnberg announced a recommended public tender offer through Flybird Holding Oy for all shares in Musti on 29 November 2023. On 20 February 2024, the Offeror announced the final result of the tender offer and that it completes the tender offer and that it will commence a subsequent offer period for those shareholders of Musti who have not yet accepted the tender offer. On 11 March 2024, the Offeror announced the final result of the subsequent offer period. The shares validly tendered during the subsequent offer period represent approximately 80.65 per cent of the shares and votes in Musti.

Authorizations of the Board of Directors

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the Company's own shares and/or on the acceptance as pledge of the Company's own shares as follows:

The number of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 3,185,000 shares in total, which corresponds to approximately 9.5 percent of all the shares in the Company. However, the Company together with its subsidiaries may not at any moment own and/or hold as pledge more than 10 percent of all the shares in the Company.

Own shares may be repurchased only using the unrestricted equity of the Company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase and/or acceptance as pledge of own shares. Own shares may be repurchased using, inter alia, derivatives. Own shares may be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

This authorization cancels the authorization given by the Annual General Meeting held on 30 January 2023 to decide on the repurchase the Company's own shares and/or to accept the Company's own shares as pledge. The authorization is effective until the conclusion of the next Annual General Meeting, however, no longer than until 31 March 2025.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows:

The number of shares to be issued based on this authorization shall not exceed 3,185,000 shares, which corresponds to approximately 9.5 percent of all of the shares in the Company. The authorization covers both the issuance of new shares as well as the transfer of treasury shares held by the Company.

The Board of Directors decides on all other conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue).

This authorization cancels the authorization given by the Annual General Meeting held on 30 January 2023 to decide on the issuance of shares as well as on the issuance of special rights entitling to shares. The authorization is effective until the conclusion of the next Annual General Meeting, however, no longer than until 31 March 2025.

Shareholders and flagging notifications

At the end of the reporting period, the number of registered shareholders was 5,320. The proportion of nominee-registered shareholders was 3.7% of the company's shares. The 20 largest shareholders registered in the book-entry register maintained by Euroclear Finland Oy held a total of 94.88% of Musti Group's shares and votes at the end of the reporting period.

Shareholders, Musti Group plc 31 December 2024

No.	Shareholders	Number of shares	% of shares
1	Flybird Holding Oy	27,114,747	80.85
2	Varma Mutual Pension Insurance Company	3,263,823	9.73
3	Elo Mutual Pension Insurance Company	491,000	1.46
4	Evli Finnish Small Cap Fund	306,090	0.91
5	Musti Group Oyj	147,566	0.44
6	Nordea Finnish Stars Fund	140,399	0.42
7	Sijoitusrahasto Visio Allocator	109,500	0.33
8	Nordea Bank ABP	109,476	0.33
9	Kirkon Eläkerahasto	45,770	0.14
10	Björklund Felix	15,000	0.04
	Total	31,743,371	94.66
	100 largest shareholders total	31,955,379	95.29
	Nominee registered total	1,244,865	3.71
	Number of shares total	**33,535,453**	**100.00**

Shareholders by number of shares held, Musti Group plc, 31 December 2024

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1–100	4,325	81.30	121,817	0.36
101–500	843	15.85	179,305	0.53
501–1000	70	1.32	51,465	0.15
1001–5000	56	1.05	120,404	0.36
5001–10000	13	0.24	92,124	0.27
10001–50000	4	0.08	96,205	0.29
50001–100000	0	0.00	0	0.00
100001–500000	6	0.11	1,304,031	3.89
500001–	3	0.06	31,570,102	94.14
Total	**5,320**	**100.00**	**33,535,453**	**100.00**

Shareholders by sector, Musti Group, 31 December 2024

Shareholders by sector	Number of shares	% of shares
Public sector	3,754,823	11.63
Financial and insurance corporations	733,548	2.27
Households	421,290	1.30
Non-financial corporations	27,360,426	84.73
Non-profit institutions	16,004	0.05
Rest of the world	4,497	0.01
Total	**32,290,588**	**100.00**
Nominee registered	1,244,865	3.71
Number of shares total	**33,535,453**	**0.00**

During October 2023 – December 2024, Musti Group received the following announcement under Chapter 9, Section 5 of the Securities Markets Act:

- On 23 November 2023, Musti Group plc received a notification according to which Grandeur Peak Global Advisors LLC's holding of the shares and votes of the company decreased below the threshold of 5 percent on 22 November 2023.
- On 5 December 2023, Musti Group plc received a notification according to which FMR LLC's holding of the shares and votes of the company decreased below the threshold of 5 percent on 4 December 2023.

- On 12 December 2023, Musti Group plc received a notification according to which SMALLCAP World Fund, Inc.'s holding of the shares and votes of the company decreased below the threshold of 5 percent on 8 December 2023.
- On 14 December 2023, Musti Group plc received a notification according to which The Capital Group Companies, Inc.'s holding of the shares and votes of the company decreased below the threshold of 5 percent on 13 December 2023.
- On 21 December 2023, Musti Group plc received a notification according to which The Goldman Sachs Group, Inc.'s holding of the shares and votes of the company increased above the threshold of 5 percent on 20 December 2023.
- On 22 December 2023, Musti Group plc received a notification according to which The Goldman Sachs Group, Inc.'s holding of the shares and votes of the company decreased below the threshold of 5 percent on 21 December 2023.
- On 5 January 2024, Musti Group plc received a notification according to which The Goldman Sachs Group, Inc.'s holding of the shares and votes of the company increased above the threshold of 5 percent on 3 January 2024.
- On 11 January 2024, Musti Group plc received a notification according to which Samson Rock Event Driven Master Fund Limited.'s holding of the votes of the company increased above the threshold of 5 percent on 10 January 2024.
- On 16 January 2024, Musti Group plc received a notification according to which the combined ownership of the following parties increased above the threshold of 5 percent on 15 January 2024: Sand Grove Opportunities Master Fund Ltd, Investment Opportunities SPC for the Account of Investment Opportunities 2 Segregated Portfolio, New Holland Tactical Alpha Fund, Prelude Structured Alternatives Master Fund Lp, QSMA Torus SP, Amundi Sand Grove Event Driven Fund.
- On 18 January 2024, Musti Group plc received a notification according to which JPMorgan Securities PLC's holding of the votes of the company increased above the threshold of 5 percent on 17 January 2024
- On 24 January 2024, Musti Group plc received a notification according to which JPMorgan Securities PLC's direct holding of the votes of the company increased above the threshold of 5 percent on 22 January 2024.
- On 13 February 2024, Musti Group plc received a notification according to which the combined holding of Flybird Holding Oy and Sonae – SGPS, S.A. of the shares and votes of the company increased above the threshold of 5 percent on 13 February 2024.
- On 21 February 2024, Musti Group plc received a notification according to which the combined holding of Flybird Holding Oy and Sonae – SGPS, S.A. of the shares and votes of the company increased above the threshold of 10 percent on 20 February 2024.
- On 21 February 2024, Musti Group plc received a notification according to which Samson Rock Capital LLP's holding of the voting rights of the company decreased below the threshold of 5 percent on 20 February 2024.
- On 21 February 2024, Musti Group plc received a notification according to which Samson Rock Event Driven Master Fund Limited's holding of the shares of the company decreased below the threshold of 5 percent on 20 February 2024.
- On 22 February 2024, Musti Group plc received a notification according to which the combined holding of Flybird Holding Oy and Sonae – SGPS, S.A. of the shares and votes of the company increased above the threshold of 15 percent on 21 February 2024.
- On 26 February 2024, Musti Group plc received a notification according to which JPMorgan Securities PLC's holding of the shares and votes of the company decreased below the threshold of 5 percent on 23 February 2024.
- On 5 March 2024, Musti Group plc received a notification according to which the holding of Flybird Holding Oy of the shares and votes of the company increased above the threshold of 50 percent on 5 March 2024.
- On 6 March 2024, Musti Group plc received a notification according to which the The Goldman Sachs Group, Inc.'s holding of the shares and votes of the company decreased below the threshold of 5 percent on 5 March 2024.
- On 20 March 2024, Musti Group plc received a notification according to which the holding of Flybird Holding Oy of the shares and votes of the company increased above the threshold of 2/3 on 20 March 2024.
- On 21 March 2024, Musti Group plc received a notification according to which the combined holding of the voting rights of the company of the following parties decreased below the threshold of 5 percent on 20 March 2024: Sand Grove Opportunities Master Fund Ltd, Investment Opportunities SPC for the Account of Investment Opportunities 2 Segregated Portfolio, New Holland Tactical Alpha Fund, Prelude Structured Alternatives Master Fund Lp, QSMA Torus SP, Amundi Sand Grove Event Driven Fund.

Remuneration

The objective of Musti Group's remuneration program is to promote the company's competitiveness and to support the execution of the company's strategy. Furthermore, the remuneration programs aim to retain key persons and the whole staff and create long-term commitment in order to achieve shared goals and to create shareholder value.

The remuneration in Musti Group is described in more detail in the **Remuneration Report** published in connection with the Financial Statements and the Board of Directors' Report.

Non-Financial Information

Business model

Musti Group operates in the pet markets in Finland, Sweden, Norway and Baltics as a manufacturer and retailer. Musti Group's product range includes pet food, pet care and welfare products and accessories and services. Services include trimming, training, massage and dietary services, and veterinary services in selected stores.

The Musti Group's integrated business model includes stores, e-commerce and in-store services. It serves its customers through the store chains Musti and Mirri, Musti, ArkenZoo, Peten Koiratarvike and Pet City, as well as through pure e-commerce such as Peten Koiratarvike and Vetzoo.

Consumers and pets are the Group's most important customer group, and the company is focused on sustainable growth to deliver value to pet parents, owners and other stakeholders. The Musti store concept is based on a wide range of pet food and accessories combined with a culture of knowledgeable and service-oriented employees. Dialogue with customers takes place not only through personal service but also through the consumer service function. Musti aims to build a community of pet owners and pets around it and to increase the well-being of both animals and people. It also works with stakeholders at all stages of the value chain.

Pet Parenting is the tendency for people to treat their pets as family members. This trend has increased the demand for high-quality premium foods and a more diverse range of products and services. This trend in the pet market will continue to be strong, shifting consumption towards higher quality food, a more varied range of supplies and greater use of services.

At the end of the financial year 2024, Musti Group had a total of 411 own stores in Finland, Sweden, Norway and Baltics. The Group has its own pet feed and treats factory in Finland. Musti Group's operations are based on responsible and efficient management of the entire value chain. During the financial year 2024, the Musti Group employed an average of 1 761 people. Musti Group Plc is listed on Nasdaq Helsinki Oy.

During 2024, Musti Group has prepared for the requirements of the Directive (EU) 2022/2464 on corporate sustainability reporting and the Sustainability Reporting Standards (EU) 2023/2772. During 2024, a preliminary double materiality analysis was carried out to understand the company's impact on people and the environment and to analyze impacts, risks and opportunities across the value chain. In addition, 2024 saw the start of the design of action plans, metrics and targets for key materiality matters.

Musti Group's preliminary key materiality matters relate to climate change, the circular economy, its own workforce, value chain employees, consumers and end-users, and good governance. These will be reported in accordance with Directive (EU) 2022/2464 for the first time from the financial year 2025 in 2026.

Social

At Musti Group, social responsibility includes the well-being and development of our own staff and the safety of our products from the point of view of both pets and pet owners. The Group's important policies include managing the privacy and security of both its own workforce and its customers. These principles are managed through the Data Protection Policy and the Data Security Policy.

Employees

Musti Group employed almost 2 200 people, of whom 88 % were women and 12 % were men. Approximately 79 % of the staff had permanent employment and approximately 21 % were part-time.

The Group's values of expertise, trust and the Musti corporate culture define the way in which work communities operate. The Group's internal policy, which describes the People Principles Policy and the Equality Plan, is the basis for human resources management and development.

The Musti Group is committed to equal treatment of employees and the promotion of diversity. At Musti, every employee has equal opportunities for training, personal development and career advancement. As an employer, Musti provides safe working conditions for all its employees, investing in employee well-being, occupational health and work capacity management.

Musti respects the privacy and personal qualities of everyone and does not tolerate any form of discrimination, intimidation or harassment at work. Everyone working at Musti must treat all colleagues and customers with kindness and respect. The Musti Group Code of Conduct describes the ethical principles that apply to every Musti employee.

The aim is to create a thriving work community that is safe and where trust, respect and encouragement are the basis of all activities. By developing management skills and staff competence, the Musti Group creates the conditions for high-quality work and the achievement of objectives. Musti Group's corporate culture is based on trust and sharing. Musti Group measures employee engagement and satisfaction annually through the Musti View survey and eNPS surveys.

Musti Group was ranked second among medium-sized Finnish companies in the Nordic Business Diversity Index survey, which was published in 2024. The Nordic Business Diversity Index assesses, and scores publicly reported diversity aspects of companies by looking at a variety of variables, including gender, age, nationality and education.

Employee-related risks include the reputation of Musti Group as an unattractive employer, the loss of motivated and skilled staff and high employee turnover. Musti Group invests in employee well-being and training, good leadership and team spirit, and employee involvement in the development of policies. Competent and motivated staff enable the strategy to be implemented and the objectives to be achieved.

Stakeholders in the value chain - customers and product suppliers

Musti Group has put the well-being of pets and people first, with the goal of happy and satisfied pet parents and pets. This means quality and safe products and services, and strong professionalism in service situations. With expert advice, a wide range of services, high quality pet food and a variety of products and accessories, we help pet owners take care of their pets' needs and well-being.

Customer satisfaction is monitored using the NPS indicator. In 2024, Musti Group's overall NPS score was 76.7 on a scale of -100 to +100 (75.3/2023). During 2024, Musti Group expanded the NPS measurement points and harmonized practices across the Nordic countries.

In the big picture, important aspects of product safety management include product and supplier selection, product information to be provided and instructions for use. Musti Group works closely with product suppliers to ensure compliance with product requirements, product quality and safety. Suppliers must have an effective traceability system in place, allowing the raw materials and packaging used to be traced back where necessary. Product suppliers are committed to the Musti Group Supplier Code of Conduct, with a 99.2% commitment rate in 2024. During 2024, Musti Group has developed a supplier self-assessment and audit system, work will continue in 2025.

Musti Group manufactures pet food and treats in its own factory in Finland. Product safety at the production plant is based on a certified food safety management system (FSSC 22000), which is audited annually both by a third party and through internal audits. The product safety system is risk-based and is based on the HACCP principles (analysis of biological, chemical and physical hazards), their prevention and the management of deviations from the safety standards. During 2024, the warehouses have also adopted HACCP principles.

The reasons for the recall of SMAAK products in late 2023 were immediately analyzed and development measures were initiated, which continued into 2024. In addition to these development measures, Musti Group has extensively refined its processes related to, among other things, the selection of products and raw materials, the handling of customer feedback, the management of deviations and ensuring traceability. The recall process has also been refined.

Non-conformities in product safety management and supply chain can pose a risk to the health of pets or pet owners. These can have significant impacts on customer trust and affect the company's financial performance or reputation. The loss of a significant supplier or disruptions in the supplier's operations can affect product availability and cause a decrease in sales or customer satisfaction. To manage risks, we require our operators to invest in quality control and product safety management and we work closely with them.

Musti Group's own pet food factory has risks related to production processes, such as equipment failures, raw material availability problems, accidents, and production interruption risks. These risks are managed using a product safety management system (FSSC 22000).

Leaks related to both employee and customer personal data have been identified as a risk related to cybercrime. The risk is managed with up-to-date and updatable data protection systems. The coverage and quality of data security are validated annually. In addition, audits are conducted both at the group level and in key areas of data protection.

Environment

Musti Group is committed to reduce its environmental impact. The most significant environmental impacts of the Group's stores, offices and warehouses arise from energy consumption (electricity, fuels for cars and transportation), waste generated, and packaging materials used. The environmental impacts and emissions of product transport logistics are managed in cooperation with transport partners.

During 2024, the Group's greenhouse gas emissions calculation was refined for Scope 1 and 2, and the most relevant Scope 3 emission categories of the value chain were assessed. Scope 3 emission calculation will begin in 2025.

In the double materiality analysis conducted in 2024, climate change mitigation and circular economy emerged as key sustainability issues for the Group. Measures, indicators and targets related to these environmental impacts, as well as updated key operating principles, will be implemented in 2025.

Minimizing environmental impacts has been a guiding principle at Musti Group's own pet food factory in Finland since the factory was designed and started pet food manufacturing in 2020. Renewable energy is used in the production processes of the production plant, of which approximately 20 percent is generated by solar panels. The heat generated by the production equipment is collected and used in the factory processes. The recovered heat is utilized, among other things, to heat the washing water used on the production line for frozen products. Energy is also produced from biowaste. Oat husks and other biowaste from oats used as raw materials for dry pet food are transported to energy plants, where they are used to make biogas.

The environmental risks identified at Musti's own pet food factory include fire and wastewater leaks, which are managed through regular equipment condition inspections, proactive maintenance, and alarm and monitoring equipment. There were no environmental damages at the production facility during 2024.

Consumer perceptions of climate change and the changes in their behavior caused by it can be both a risk and a business opportunity for Musti Group. The topic is being monitored and the product range is being developed in a sustainable direction.

Global warming and the resulting weather extremes such as storms, floods, and prolonged heat waves will affect production conditions globally in different raw material production areas in different ways. These changes may also have a long-term impact on the availability and price of feed raw materials and products in Musti's supply chain. Climate change phenomena may also have an impact on global supply chains and transport routes, which affects Musti's supply chain management. To prepare for these chains of events, Musti Group works in collaboration with value chain actors to promote the reduction of environmental impacts and mitigate climate change.

Good governance and business ethics

Musti Group is committed to respect human rights in accordance with international declarations*. The company is a member of the United Nations Global Compact and the amfori BSCI organization promoting sustainable business.

The principles governing respect for human rights and ethical business are Musti Group's own Code of Conduct, the Supplier Code of Conduct and the amfori BSCI Code of Conduct for suppliers operating in high-risk countries. Musti Group employees must complete the Code of Conduct online training. During 2022–2024, 78% of employees completed the training.

Musti Group has been a member of the amfori BSCI organization (amfori Business Social Compliance Initiative) since 2017. Third-party BSCI audits are carried out for all suppliers located in high-risk countries.

Musti Group promotes fair business practices and does not participate in illegal or trade-restrictive activities. The company operates in accordance with fair competition and applicable regulations and has set guidelines for its employees on the giving and receiving of gifts or benefits. Gifts or benefits may never be a condition of a contract or business partnership.

The company has a Whistleblowing reporting channel on its public website for reporting concerns of stakeholders. Concerns made to the channel are anonymous, they are processed, and the necessary corrective measures are assessed. During 2024 one concern was reported to the reporting channel, which was not a suspicion of human rights violations or corruption and did not cause any further actions.

Responsible and ethical business practices, both in Musti Group's own operations and in the supply chain, are important principles for business continuity and reputation management, where failure can cause negative publicity and affect consumer purchasing decisions. Risk is managed by complying with legislation and ethical business guidelines, as well as by training staff and addressing concerns in the most appropriate manner for each case.

* Fundamental principles of Human Rights, as defined by the Universal Declaration of Human Rights (United Nations 1948); Fundamental Principles of Rights at Work (ILO 1998); Convention on the Rights of the Child (United Nations 1989); United Nations Guiding Principles on Business and Human Rights, UNGP (United Nations 2011); OECD Guidelines for multinational enterprises (OECD 2023).

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering financial period from 1 October 2023 to 31 December 2024

				Substantial contribution criteria						DNSH criteria (DNSH: Does Not Significantly Harm)										
Economic activities (1)	**Code(s) (2)**	**Absolute OpEx(3)**	**Proportion of OpEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of OpEx, year N (18)**	**Taxonomy-aligned proportion of OpEx, year N–1 (19)**	**Taxonomy-aligned proportion of OpEx, year N (18)**	**Category (transition activity) (21)**
		mEUR.	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
-		-	-	-	-	-	-	-	-											
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-																	
A.2 Taxonomy-Eligible but not enviromentally sustainable activities (not Taxonomy-aligned activities)																				
-		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0%		S	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	0%	0%	0%	0%	0%	0%											
Total (A.1+A.2)		**-**	**-**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible actitivies (B)		560,6	100																	
Total (A+B)		**560,6**	**100**																	

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering financial period from 1 October 2023 to 31 December 2024

				Substantial contribution criteria						DNSH criteria (DNSH: Does Not Significantly Harm)										
Economic activities (1)	**Code(s) (2)**	**Absolute OpEx(3)**	**Proportion of OpEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of OpEx, year N (18)**	**Taxonomy-aligned proportion of OpEx, year N–1 (19)**	**Taxonomy-aligned proportion of OpEx, year N (18)**	**Category (transition activity) (21)**
		mEUR.	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**%**	**E**	**T**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
-		-	-	-	-	-	-	-	-											
CapEx of environmentally sustainable activities (Taxonomy-aligned)(A.1)		-	-																	
A.2 Taxonomy-Eligible but not enviromentally sustainable activities (not Taxonomy-aligned activities)																				
-		-	-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0%		S	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-																	
Total (A.1+A.2)		-	-	0%	0%	0%	0%	0%	0%											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non eligible activities (B)		19,2	100																	
Total (A+B)		**19,2**	**100**																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering financial period from 1 October 2023 to 31 December 2024

				Substantial contribution criteria					DNSH criteria (DNSH: Does Not Significantly Harm)										
Economic activities (1)	**Code(s) (2)**	**Absolute OpEx(3)**	**Proportion of OpEx (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**	**Climate change mitigation (11)**	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of OpEx, year N (18)**	**Taxonomy-aligned proportion of OpEx, year N–1 (19)**	**Taxonomy-aligned proportion of OpEx, year N (18)**	**Category (transition activity) (21)**
		mEUR.	**%**	**%**	**%**	**%**	**%**	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**%**	**E**	**T**
A. TAXONOMY ELIGIBLE ACTIVITES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
-		-	-	-	-	-	-	-											
OpeEx of environmentally sustainable activities (Taxonomy-aligned)(A.1)		-	-																
A.2 Taxonomy-Eligible but not enviromentally sustainable activities (not Taxonomy-aligned activities)																			
-		-	-	-	-	-	-	-	Y	Y	Y	Y	Y	Y	Y	0%		S	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	0%,	0%	0%	0%	0%											
Total (A.1+A.2)		**-**	**-**	**0%**	**0%**	**0%**	**0%**	**0%**											
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)		10,3	100																
Total (A+B)		**10,3**	**100**																

Risks and uncertainties

Musti Group's risk profile follows the general risk level of the retail and grocery trade. The industry is not particularly cyclical and not subject to rapid changes. The company regularly monitors changes in the risks and their impact on the business. The company implements risk management continuously and systematically according to a scheduled process. The risk management process ensures that risks related to the Group are identified, estimated, and controlled in a proactive way and the management of risks is monitored. The company's risk management includes, among others: identification and review of risks, risk assessment, determining and implementing control measures for the identified risks, and monitoring and reporting of risks.

The following describes the risks and uncertainties that are considered significant for Musti Group.

Risks relating to the macroeconomic environment and inflation

Increasing geopolitical instability could have a significant impact on the global economy and business environment. Although Musti Group sells products, a recession may have a negative impact on consumer confidence and sales.

General cost level has risen in 2023 following price increases in energy, raw materials, and freights. Musti Group's cost level has increased accordingly and is reflected in higher retail prices to maintain profitability. Higher inflation will also contribute to higher interest rates. These may have an impact on consumer behavior and price competition.

Risks relating to changes in the competitive environment

Pet products and services retail industry has become increasingly competitive. Musti Group´s competitors include large grocery retailers, smaller pet specialist stores, online competitors (including general online stockists and internet pure plays), home and garden stores, pet service providers, as well as veterinary clinics. Many are competing for the same customers with similar offerings, and it is easy to make comparisons between competitors. The large share of own and exclusive products partly mitigates this risk. If Musti Group fails in this competition, its sales and profitability would decrease.

Risks relating to quality of products and services

A failure in product safety control or supply chain quality assurance may result in financial losses, loss of customer trust or in the worst case, a health hazard to a pet. Musti Group's pet food factory's manufacturing processes are subject to risks, such as equipment breakdown, raw material availability, accidents, damage, and interruption risks. These risks are managed through certifications and continuous EHSQ work.

Customers may also make allegations against Musti Group publicly concerning the quality of the company's product or services. This could result in a reputational loss for Musti Group.

Risks relating to changes in customer preferences

Customers' buying patterns may change more rapidly than what the company has anticipated. With the rising trend of online shopping customers expect a simple and consistent shopping experience and fast delivery regardless of the sales channel. Brick-and-mortar stores are expected to offer experiences, a place to meet, and information. Various sustainability aspects in products and services are increasingly important to customers. If the company fails to address the new purchasing patterns and sustainability requirements, there is a risk that the investment in assortment, sales channels and services will not generate the intended results.

Risks relating to sourcing of products

A loss of significant supplier or an inability to source products from such suppliers that meet Musti Group´s standards and requirements, or a supply reduction or cost increases demanded by suppliers may have a material adverse effect on the customer relationships and competitive position.

Risks relating to inventories

A lot of the company's capital may be tied up in carrying the inventory if the company is unable to forecast accurately customer demand. Operative difficulties in managing the inventory and obsolescence may increase costs of inventory or result in selling the goods at discount which may have a negative impact on profitability.

Risks relating to logistics

The company's distribution center in Eskilstuna is its distribution hub. Most goods from suppliers are delivered to Eskilstuna and then distributed to shops and online customers. Collecting the logistics in one location carries certain risks, for example, disruptions to communications and information technology infrastructure, as well as fire and strikes, which may result in business discontinuity or lower sales.

Risks relating cybercrimes

The frequency of professional cybercrimes is growing especially after the war in Ukraine begun. This has increased the risk relating to business continuity and loss of critical information. Cyber-attacks may target, for example, data systems critical for business continuity, or personal data. Cyber-attacks may result in disruptions in sales, personal data leakages, financial losses, compensation for damages or reputational damages.

Risks relating to employees

If Musti Group is not perceived as an attractive and sustainable employer brand, the company may not be able to safeguard skilled and motivated employees. The prerequisite for execution of strategy and reaching the set targets is to be able to maintain insightful and motivated employees. .

Risks relating to currency fluctuations

As a significant part of Musti Group's business is in countries outside the eurozone, Musti Group's balance sheet and results are exposed to fluctuations in foreign currency exchange rates. The main transaction exposure currencies are USD and GBP in which Musti Group of companies has outflows related to purchases. Translation exposure arises from subsidiaries reporting in SEK and NOK as results and balance sheet items are consolidated to Musti Group level.

Seasonality

Musti Group's business is characterized by a generally limited seasonality effect, with the high share of recurring food and stable products of net sales translating into low seasonality within years. However, there are certain intra-year fluctuations that affect cash flows, sales and profitability. Usually, the period between July to December has higher sales and profitability margins compared to January to June, driven by higher sales of accessories and other seasonal products.

The volumes and timing of Musti Group's sales may vary somewhat due to weather conditions, with sales of pet clothing being primarily impacted. Cold winters and rainy weather generally result in higher sales of coats and shoes for pets.

Outlook for the financial year 2025

After several years of above average growth rates, the pet care market experienced slower growth in 2024 both in the Nordics and globally. This was affected by three main drivers that combined created a temporary drag. Firstly, registrations of puppies and kittens were below the trend after peak cohorts during the covid period 2020 – 2022. As a result, pet ownership level is high increasing the addressable market for many years to come with a long positive tail effect, but new registrations were softer in the year and thus contributing less to year-on-year growth. In the Nordics, both Finland and Sweden puppy registrations were down -8% in 2024 compared to 2023. Secondly, especially 2023 the market growth was partly driven by global inflation, while in 2024 the pricing environment was stable. Thirdly, the wider Nordic consumer climate was challenging with a relative decrease in consumer spending power. This affected demand for discretionary items such as clothing and beds where postponing purchases is an option, while non-discretionary consumable categories contributing majority of market value such as food, litter and treats remained resilient underpinned by repeat purchasing behavior.

The underlying trend of pet parenting that drives long-term structural market growth remains robust. Entering 2025, our expectation is a gradual return to long term market growth levels of approximately 4%. This view is supported by normalization of the key factors that have suppressed market growth in 2024. Number of puppies and kittens that has been a drag on growth after covid related peak levels are stabilizing and returning to long term average levels. Macro forecasts indicate improving consumer spending power across the Nordic countries, supported by improving GDP outlook, decreasing interest rates and gradual wage increases.

Board of Directors' proposal for profit distribution

The parent company's distributable funds total EUR 128,111,254.11 of which the result for the financial year is EUR -2,915,649.09. The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for the financial year ended on 31 December 2024.

Helsinki, 13 March 2025
Board of Directors

Financial ratios and alternative performance measures

EUR millions or as indicated	10/2023-12/2024	10/2022-9/2023
Net sales	560.6	425.7
Net sales growth, %	N/A	8.9%
LFL sales growth, %	1.1%	9.5%
LFL store sales growth, %	-1.6%	6.7%
LFL online sales growth, %	10.1%	19.0%
Store sales	413.2	322.3
Online sales	136.4	97.8
Online share of net sales, %	24.3%	23.0%
Gross margin, %	44.1%	45.7%
EBITDA	67.2	74.6
EBITDA margin, %	12.0%	17.5%
Adjusted EBITDA	81.6	73.6
Adjusted EBITDA margin, %	14.6%	17.3%
EBITA	23.6	43.6
EBITA margin, %	4.2%	10.2%
Adjusted EBITA	38.0	42.6
Adjusted EBITA margin, %	6.8%	10.0%
Operating Profit	16.2	37.8
Operating Profit margin, %	2.9%	8.9%
Profit/loss for the period	6.7	26.5
Earnings/Share, basic, EUR	0.20	0.79
Earnings/Share, diluted, EUR	0.20	0.79
Cash flow from operating activities	46.9	79.6
Investments in tangible and intangible assets	19.2	11.9
Net debt	187.5	137.9
Gearing, %	112.3%	83.9%
Net debt / LTM Adjusted EBITDA	3.1	1.9
Equity ratio %	37.6%	41.7%
Nr of customers, thousands	1,866	1,806
Number of stores at end of period	415	342
of which directly operated	411	330
Own & Exclusive share, %	51.5%	52.4%

Share performance indicators

Share performance indicators	10/2023-12/2024	10/2022-9/2023
Earnings per share, basic, EUR	0.20	0.79
Earnings per share, diluted, EUR	0.20	0.79
Equity per share, EUR	4.97	4.90
Dividend payout per share and capital return total	0.00	0.60
Dividend payout and return of capital, total of result, %	0.0%	76.0%
Effective dividend yield, %	0.0%	3.3%
Price/earnings ratio (P/E)	99.27	22.71
Highest share price, EUR	27.25	20.46
Lowest share price, EUR	16.20	14.63
Share price as at the end of the financial year	19.92	18
Market capitalisation	668,026,224	603,638,154
Share turnover during the financial year, %	119.3%	40.7%
Shares outstanding at the end of the period	33,535,453	33,535,453
Shares outstanding at the end of the period, diluted	33,530,887	33,644,244
Weighted average adjusted number of shares during the financial period, basic	33,387,987	33,374,823
Weighted average adjusted number of shares during the financial period, diluted	33,546,147	33,598,167

Calculation formulas of key performance indicators

Key Performance Indicator	Definition
Gross profit	Net sales - Material and services
Earnings before interest, taxes, depreciation and amortization (EBITDA)	Operating profit + Depreciation, amortization and impairment
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)	Operating profit + Depreciation, amortization and impairment +adjustments
Earnings before interest, taxes and amortization (EBITA)	Operating profit + amortization and impairment of intangible assets
Adjusted earnings before interest, taxes and amortization (Adjusted EBITA)	Operating profit + amortization and impairment of intangible assets + Adjustments
Earnings per share, basic	Profit/loss for the period - Non-controlling interests
	Average number of shares
Earnings per share, diluted	Profit/loss for the period - Non-controlling interests
	Average diluted number of shares
Net Debt	Interest bearing liabilities - Loan receivables +/ - Derivative financial instruments - Cash and cash equivalents

Key Performance Indicator	Definition
Gearing (%)	Net debt
	Equity
Net debt/LTM (last twelve months) Adjusted EBITDA	Net debt
	LTM adjusted EBITDA
Equity ratio (%)	Total equity
	Total assets - Advances received
LFL (Like-for-like) sales growth (%)	Sales of online channels and stores that have been open more than 13 months
	Sales from corresponding online channels and stores in the same time period
Own & Exclusive share (%)	Sales of own and exclusive product sales
	Product sales in own channels
Online share (%)	Online sales
	Net sales

Reconciliation of key performance indicators

EUR millions or as indicated	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Gross profit		
Net sales	560.6	425.7
Material and services	-313.4	-231.3
Gross profit	**247.2**	**194.5**
Gross margin (%)	**44.1%**	**45.7%**
Earnings before interest, taxes, depreciation and amortization (EBITDA)		
Operating profit	16.2	37.8
Depreciation, Amortization and Impairment	51.0	36.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**67.2**	**74.6**
EBITDA margin (%)	**12.0%**	**17.5%**
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)		
Operating profit	16.2	37.8
Depreciation, amortization and Impairment	51.0	36.8
Adjustments	14.4	-0.9
Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA)	**81.6**	**73.6**
Adjusted EBITDA margin (%)	**14.6%**	**17.3%**
Adjustments (EBITDA)		
Restructuring related expenses	0.4	0.5
Acquisition & IPO related expenses	0.7	0.4
Non-recurring costs (Public Tender Offer & product recall)	12.1	0.0
Transformation projects	1.2	0.0
Other items affecting comparability	0.0	-1.9
Adjustments (EBITDA)	**14.4**	**-0.9**
Earnings before interest, taxes and amortization (EBITA)		
Operating profit	16.2	37.8
amortization and impairment	7.3	5.8
Earnings before interest, taxes and amortization (EBITA)	**23.6**	**43.6**
EBITA margin (%)	**4.2%**	**10.2%**

EUR millions or as indicated	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Adjusted earnings before interest, taxes and depreciation (Adjusted EBITA)		
Operating profit	16.2	37.8
amortization and impairment of intangible assets	7.3	5.8
Adjustments	14.4	-0.9
Adjusted earnings before interest, taxes and depreciation (Adjusted EBITA)	**38.0**	**42.6**
Adjusted EBITA margin (%)	**6.8%**	**10.0%**
Adjustments (Operating profit)		
Restructuring related expenses	0.4	0.5
Acquisition & IPO related expenses	0.7	0.4
Non-recurring costs (Public Tender Offer & product recall)	12.1	0.0
Transformation projects	1.2	0.0
Other items affecting comparability	0.0	-1.9
Adjustments (Operating profit)	**14.4**	**-0.9**
Earnings per share, basic		
Profit/loss for the period	6.7	26.5
Non-controlling interest	0.0	0.0
Average number of shares	33.4	33.4
Earnings per share, basic	**0.20**	**0.79**
Earnings per share, diluted		
Profit/loss for the period	6.7	26.5
Non-controlling interest	0.0	0.0
Average number of shares *)	33.5	33.6
Earnings per share, diluted	**0.20**	**0.79**

*) Includes shares from Restricted Share Plan (PSP)

EUR millions or as indicated	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Net debt		
Interest-bearing liabilities	200.0	161.2
Derivative financial instruments	-0.6	-1.3
Cash and cash equivalents	11.8	22.0
Net debt	**187.5**	**137.9**
Gearing (%)		
Net Debt	187.5	137.9
Equity	166.9	164.4
Gearing (%)	**112.3%**	**83.9%**
Net debt/LTM Adjusted EBITDA		
Net debt	187.5	137.9
LTM adjusted EBITDA	61.2	73.6
Net debt/LTM adjusted EBITDA	**3.1**	**1.9**
Equity ratio (%)		
Total equity	166.9	164.4
Total assets	443.3	394.2
Advances received	0.6	0.3
Equity ratio (%)	**37.7%**	**41.7%**
LFL sales growth (%)		
Net sales	560.6	425.7
Net sales growth %	N/A	8.9%
Other growth %	N/A	-0.6%
LFL sales growth (%)	**1.1%**	**9.5%**
LFL store sales growth (%)		
Store sales	413.2	322.3
Store sales total growth %	N/A	7.3%
Other growth %	N/A	0.6%
LFL store sales growth (%)	**-1.6%**	**6.7%**

EUR millions or as indicated	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Net sales		
Store sales	413.2	322.3
Online sales	136.4	97.8
Other sales	11.0	5.7
Net sales	**560.6**	**425.7**
Online share (%)		
Net sales	560.6	425.7
Online sales	136.4	97.8
Online share (%)	24.3%	23.0%

Financial Statements

Musti Group Oyj

Financial Statements 31 December 2024

No assurance has been obtained for the ESEF tagging of the digital financial statements.

Contents

GROUP FINANCIAL STATEMENTS, IFRS

Consolidated statement of income, IFRS

EUR thousand	Note	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Net sales	2.1	**560,571**	**425,740**
Other operating income	2.2	5,602	5,052
Share of profit of a joint venture		0	324
Materials and services	4.1	-313,369	-231,252
Employee benefit expenses	2.3	-104,769	-76,782
Other operating expenses	2.3	-80,793	-48,527
Depreciation, amortization and impairment	3.2,3.3, 3.5,3.6	-51,023	-36,756
Operating profit		**16,218**	**37,800**
Financial income	5.4	10,096	6,522
Financial expenses	5.4	-18,161	-10,605
Financial income and expenses, net		**-8,066**	**-4,083**
Profit before taxes		**8,152**	**33,717**
Income tax expense	6.2	-1,433	-7,229
Profit/loss for the period		**6,719**	**26,487**
Attributable to:			
Owners of the parent		6,700	26,448
Non-controlling interest		19	39
Earnings per share (EUR) for profit attributable to owners of the parent			
Basic EPS (EUR)		0.20	0.79
Diluted EPS (EUR)		0.20	0.79

Consolidated statement of comprehensive income, IFRS

EUR thousand	Note	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Profit/loss for the period		6,719	26,487
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences		197	-5,562
Tax on items that may be reclassified to profit or loss		-17	450
Total comprehensive income		**6,899**	**21,375**
Attributable to:			
Owners of the parent		6,879	21,338
Non-controlling interest		19	37

Consolidated statement of financial position, IFRS

EUR thousand	Note	31 Dec 2024	30 Sep 2023
ASSETS			
Non-current assets			
Goodwill	3.1,3.2,3.3	195,157	174,375
Other intangible assets	3.2	20,229	18,413
Right-of-use assets	3.6	90,529	75,771
Property, plant and equipment	3.5	32,400	27,570
Investments in associates	1.4,3.4	1,967	0
Deferred tax assets	6.2	4,697	2,824
Derivative financial instruments	5.2	0	1,257
Other non-current receivables		240	111
Total non-current assets		**345,220**	**300,322**
Current assets			
Inventories	4.1	66,455	58,385
Trade and other receivables	4.2,5.1	14,705	11,575
Derivative financial instruments	5.2	1,076	394
Income tax receivables	6.2	4,028	1,612
Cash and cash equivalents	5.2	11,829	21,954
Total current assets		**98,092**	**93,920**
TOTAL ASSETS		**443,312**	**394,242**

EUR thousand	Note	31 Dec 2024	30 Sep 2023
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	5.6	11,002	11,002
Other reserves	5.6	123,349	123,349
Own shares	5.6	-5,340	-5,340
Translation differences	5.6	-10,524	-10,721
Retained earnings		48,328	46,009
Total equity attributable to owners of the parent		**166,815**	**164,299**
Equity attributable to non-controlling interest		94	88
Total equity		**166,909**	**164,387**
LIABILITIES			
Non-current liabilities			
Loans from credit institutions	5.2	94,668	69,943
Lease liability	3.6	66,889	55,518
Deferred tax liabilities	6.2	6,444	4,881
Derivative financial instruments	5.2	240	0
Non-current interest-free liabilities	5.2	2,215	2,031
Other non-current liabilities	5.2	15	0
Total non-current liabilities		**170,472**	**132,372**
Current liabilities			
Commercial papers	5.2	7,458	9,412
Lease liability	3.6	28,706	24,307
Trade and other payables	4.3	68,153	61,725
Derivative financial instruments	5.2	233	306
Income tax liabilities	6.2	1,381	1,711
Provisions		0	21
Total current liabilities		**105,931**	**97,482**
Total liabilities		**276,403**	**229,855**
TOTAL EQUITY AND LIABILITIES		**443,312**	**394,242**

Consolidated statement of changes in equity

EUR thousand	Attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Other reserves	Treasury shares	Translation differences	Retained earnings	Total		
Equity at 1 Oct 2023	**11,002**	**123,349**	**-5,340**	**-10,721**	**46,009**	**164,299**	**88**	**164,387**
Profit/loss for the period					6,700	6,700	19	6,719
Translation differences				196		196	0	197
Tax on other comprehensive income					-17	-17		-17
Total comprehensive income	**0**	**0**	**0**	**196**	**6,683**	**6,879**	**19**	**6,899**
Business combinations						0	40	40
Other changes					27	27	-27	0
Dividends						0	-26	-26
Share-based incentive plan					-4,391	-4,391		-4,391
Equity at 31 Dec 2024	**11,002**	**123,349**	**-5,340**	**-10,524**	**48,328**	**166,815**	**94**	**166,909**

EUR thousand	Attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Other reserves	Treasury shares	Translation differences	Retained earnings	Total		
Equity at 1 Oct 2022	**11,002**	**140,043**	**-6,910**	**-5,161**	**21,318**	**160,292**	**75**	**160,367**
Profit/loss for the period					26,448	26,448	39	26,487
Translation differences				-5,560		-5,560	-2	-5,562
Tax on other comprehensive income					450	450		450
Total comprehensive income	**0**	**0**	**0**	**-5,560**	**26,898**	**21,338**	**37**	**21,375**
Other changes					24	24	-24	0
Capital returns		-16,694				-16,694		-16,694
Acqusition of own shares			1,570			1,570		1,570
Share-based incentive plan					-2,231	-2,231		-2,231
Equity at 30 Sep 2023	**11,002**	**123,349**	**-5,340**	**-10,721**	**46,009**	**164,299**	**88**	**164,387**

Consolidated statement of cash flows, IFRS

EUR thousand	Note	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Cash flows from operating activities			
Profit before taxes		8,152	33,717
Adjustments			
Depreciation, amortisation and impairment		51,023	36,756
Financial income and expenses, net		8,066	4,083
Other adjustments		-2,935	-2,174
Cash flows before changes in working capital		64,306	72,381
Change in working capital			
Increase (-) / decrease (+) in trade and other receivables	4.2	227	-522
Increase (-) / decrease (+) in inventories	4.1	-5,239	2,127
Increase (+) / decrease (-) in trade and other payables	4.3	-7,579	13,096
Cash flows from operating activities before financial items and taxes		51,715	87,082
Income taxes paid		-4,775	-7,532
Net cash from operating activities		**46,940**	**79,550**

EUR thousand	Note	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Cash flows from investing activities			
Investments in tangible and intangible assets	3.2, 3.5	-19,200	-11,863
Acquisition of subsidiaries and business acqusitions, net of cash acquired	3.1	-19,404	-6,715
Investments in associates	3.4	-1,993	0
Disposal of subsidiaries		52	0
Net cash from investing activities		**-40,545**	**-18,578**
Cash flows from financing activities			
Capital returns paid	5.6	0	-16,770
Dividends paid		-26	0
Proceeds from non-current loans		95,000	10,044
Repayments of non-current loans		-70,525	-8,427
Issuance of commercial papers	5.2	-1,955	-6,138
Repayments of lease liabilities		-33,157	-24,427
Interest and other financial expenses paid		-9,569	-4,147
Interest and other finance income received		2,771	1,209
Net cash flow from financing activities		**-17,460**	**-48,655**
Net change in cash and cash equivalents		**-11,065**	**12,317**
Cash and cash equivalents at start of period	5.1, 5.2	21,954	10,054
Foreign exchange differences and cash of acquired subsidiary		940	-417
Cash and cash equivalents at end of period		**11,829**	**21,954**

Notes to Musti Group plc's financial statements

1. BASIS OF PREPARATION

This section presents the accounting principles applied by the Group for the part that they are not presented in other notes. These principles have been applied consistently for all the periods under review, unless otherwise stated. The notes contain the relevant financial information as well as a description of the accounting policies and key estimates and judgements applied for the topics of the individual note.

How should I read the accounting principles of the Musti Group?

The accounting principles used for the financial statements of Musti Group are described at the beginning of each note to help understand each area of the financial statements. The following table summarizes the notes to each accounting policy and the relevant IFRS standard related to the note.

Accounting principle	Note	IFRS standard
Segment information and net sales	2.1 Segment information and net sales	IFRS 8, IFRS 15
Employee benefits and share-based payments	2.3 Operating expenses 2.4 Share-based payments	IAS 19, IFRS 2
Business combinations	3.1 Business combinations	IFRS 3
Intangible assets	3.2 Intangible assets, 3.3 Group goodwill and impairment testing	IAS 36, IAS 38
Associated companies	3.4 Associated companies	IAS 28
Property, plant and equipment	3.5 Property, plant and equipment	IAS 16, IAS 36
Leases	3.6 Leases	IFRS 16
Inventories	4.1 Inventories	IAS 2
Financial assets and liabilities	5.2 Financial assets and liabilities	IAS 32, IFRS 7, IFRS 9, IFRS 13
Financial risk management	5.1 Financial risk management	IAS 32, IFRS 7, IFRS 9, IFRS 13
Operating leases	5.3 Commitments and contingent liabilities	IAS 37
Equity	5.6 Shareholders' equity	IAS 1
Related party transactions	6.1 Related party transactions	IAS 24
Taxes	6.2 Taxes	IAS 12

1.1 General information

Musti Group's line of business is retail sales of pet products in Finland, Sweden, Norway and the Baltics. Furthermore, the Group provides pet wellbeing services in some of its stores, as well as veterinary services in Sweden, Norway, Estonia, Latvia and Lithuania. The Group's parent company is Musti Group plc, domiciled in Helsinki, Finland, and its registered address is Mäkitorpantie 3 B, FI-00620 Helsinki, Finland. The parent company's shares are listed on Nasdaq OMX Helsinki Stock Exchange. A copy of the consolidated financial statements is available at the Group's website www.mustigroup.com or at the company's headquarters Mäkitorpantie 3 B, FI-00620 Helsinki, Finland.

The Board of Directors of Musti Group plc has approved the financial statements for publication on 13 March 2025. Under the Finnish Limited Liability Companies Act, the shareholders may accept or reject the financial statement in the Annual General meeting of the shareholders held after the publication. The Annual General Meeting is also entitled to amend the consolidated financial statements.

1.2 Accounting principles

These consolidated financial statements of Musti Group have been prepared on a going concern basis for the financial year 2024 covering the period from 1 October 2023 to 31 December 2024. Musti Group's financial year was changed to calendar year during the reporting period, and therefore the financial year 2024 covers 15 months. The financial year was from 1 October to 30 September prior to the change. Due to the extended financial year, the amounts presented in the financial statements are not entirely comparable. As Musti Group has been a part of Sonae Group since March 2024, the financial year was aligned with the parent group.

Musti Group's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) adopted in the European Union, including IAS and IFRS standards and their SIC and IFRIC interpretations in effect on 31 December 2024. In the Finnish Accounting Act and ordinances based on its provisions, IFRS refer to the standards and their interpretations adopted for application in the EU in accordance with the procedures as set in regulation (EC) No 1606/2002. The notes to the consolidated financial statements also satisfy the requirements of the Finnish accounting and corporate legislation that complements the IFRS standards.

Consolidated financial statements are presented in thousand euros and figures have been rounded to the nearest thousand, and due to this, the total sum of the presented individual figures may differ from the presented total sum. The consolidated financial statements have been prepared based on initial acquisition costs, except for financial instruments described later that are measured at fair value through profit and loss.

The company's operating currency is euro, which is also the company's and the Group's reporting currency.

Translation of items in foreign currencies

The items in the financial statements of the Group companies are valued in the currency of each company's main economical operating environment (operating currency). The figures presented in the consolidated financial statements are in thousand euros, unless stated otherwise.

Transactions conducted in foreign currencies are converted to the operating currency using exchange rates prevailing on the transaction date. Exchange rate gains and losses arising from payments related to these transactions and conversion of monetary assets and liabilities nominated in foreign currencies using the exchange rates prevailing at the end of the period are recognized through profit and loss.

In the consolidated financial statements, the profit and loss statements of the foreign subsidiaries have been converted into euros using the average rate of the financial year, and the balance sheet items have been translated using the exchange rates prevailing on the balance sheet date. The translation differences arising from subsidiary net investments and non-current subsidiary loans without agreed settlement dates are recognized through Other Comprehensive Income (OCI) to cumulative translation adjustments under equity.

1.3 Material accounting estimates and determinations based on the management's judgement

The Group's material accounting principles are mainly described in the note that relates to the matter in question. Preparation of Musti Group's consolidated financial statements require estimates, judgement and assumptions that may impact the application of the accounting principles and the amounts presented in the balance sheet as at its date. In addition, they impact on the amount of income and costs recognized for the financial year. The actual amounts may differ from previous estimates and determinations based on the management's judgement.

The estimates and determinations based on management's judgement are reviewed regularly. Changes in accounting estimates are recognized for the period when the estimate was adjusted, as well as for all subsequent periods.

Sources of uncertainty and determinations based on the management's judgement, which have been identified in the Group and are deemed to satisfy these criteria, are presented in connection with the items that are deemed to be affected by them. The table below sets forth the most significant situations where estimates or the management's judgement have been applied, as well as references to their descriptions.

Accounting estimates and management judgement	Note
Net sales and contractual liabilities	2.1 and 4.3
Business combinations	3.1
Goodwill impairment	3.3
Inventory valuation	4.1
Leases	3.6
Share-based payments	2.4
Deferred taxes	6.2

1.4 Group information

The following note summarizes the general accounting principles, as well as the principles and accompanying notes relating to the consolidation of a group. The consolidation package includes notes to help you understand the overall structure of the group and its computing environment. The notes provide information on the classification of holdings and the principles of consolidation.

The table below sets forth details of the parent company and the Group's subsidiaries as of 31 December 2024. Unless stated otherwise, their entire share capital consists of shares held directly by the Group, and the ownership share corresponds to the voting rights of the Group. The registration country of the companies is also their main operating area.

Subsidiaries

Companies controlled by the Group are subsidiaries. Control exists when the Group has more than half of the voting rights of a subsidiary or otherwise exerts control over the subsidiary. The Group controls a company when it is exposed, or has rights, to variable returns from its involvement with the company and can affect those returns through its power over the company. Subsidiaries are consolidated from the date on which the Group gains control.

Mutual shareholding is eliminated by using the acquisition cost method. The cost of assets acquired is determined based on the fair value of the acquired assets as at the acquisition date, the issued equity instruments and liabilities resulting from or assumed on the date of the exchange transaction. The identifiable assets, liabilities and contingent liabilities acquired are measured at the fair value at the acquisition date, gross of non-controlling interest.

Intragroup transactions, receivables and payables, unrealized profits and internal distributions of profits are eliminated. The financial statements of the subsidiaries are adjusted to comply with the accounting principles applied by the company, if necessary.

Financial year of the Group's subsidiaries is calendar year except for the Baltic Pet City companies where the financial year is currently 1 May – 30 April due to timing of the acquisition. Pet City companies have been consolidated as of December 2024 based on the companies reporting.

Subsidiaries

	Country of origin	Group ownership, %
Musti Group Nordic Oy	Finland	100.0
Musti ja Mirri Oy	Finland	100.0
Peten Koiratarvike Oy	Finland	100.0
Premium Pet Food Suomi Oy	Finland	100.0
Arken Zoo Syd AB	Sweden	100.0
Arken Zoo Holding AB	Sweden	100.0
Arken Zoo AB	Sweden	100.0
Zoo Support Scandinavia AB	Sweden	100.0
Djurfriskvård Falun AB	Sweden	70.0
Ninas Värld Arninge AB	Sweden	70.0
Musti Norge AS	Norway	100.0
Pet City OÜ	Estonia	100.0
Eesti Veterinaaria Kliinikum OÜ	Estonia	100.0
Pet City SIA	Latvia	100.0
UAB Pet City	Lithuania	100.0
UAB Pet City Klinika	Lithuania	100.0

Associated companies

Associates are entities in which the Group has a significant influence but not control or joint control. A holding of 20% or more of the voting power (directly or through subsidiaries) will indicate significant influence unless it can be clearly demonstrated otherwise.

Investments in associates are accounted for using the equity method, and on initial recognition, they are recognized at cost. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group's share of profits or losses of the associate is recognized as a separate item.

In December 2024, Musti Group acquired 40% of the shares of Norwegian Petrus Veterinærer AS. As Musti Group holds 40% of the voting rights and has three seats in the Board of Directors, Musti has a significant influence in the company.

1.5 New and amended IFRS standards and IFRIC interpretations

Amendments and annual improvements to IFRS standards

Musti Group has applied amendments and annual improvements to IFRS standards effective from the beginning of October 2023. Amendments and annual improvements have not had a significant impact on the financial statements.

The Group will apply the new or amended standards as they become effective. Musti Group estimates that IFRS standards or IFRIC interpretations that are published at the time when these financial statements have been prepared and will become effective in the future, will not have a material impact on the Group's financial statements except for the new IFRS 18 standard which will be applied for reporting periods beginning on or after 1 January 2027. The new standard focuses on presentation and disclosure in financial statements, and it will replace IAS 1. IFRS 18 will have a material impact on Musti Group's financial statements.

2. OPERATING RESULTS

This section focuses on financial results of Musti Group. In the notes on the following pages, the operating profit of the group is explained by component.

Musti Group provides pet food products and accessories to its customers, as well as various welfare and veterinary services in its specialised stores and pet clinics. Pet food products and accessories are available in stores and online. Musti Group's chain included 415 stores on 31 December 2024 (30 September 2023: 342), of which own stores amounted to 411 (30 September 2023: 330).

2.1 Segment reporting and net sales

Reporting segment

Musti Group's reporting segments are primarily based on geographical regions Finland, Sweden and Norway. The segment structure is based on geographical division where Finland, Sweden and Norway are separated to individual operating segments based on how the chief operating decision-maker monitors the business operations. In addition, the management monitors new market areas separately, for which the new operating and reporting segment, New Markets, was formed in the end of 2024. Currently the segment comprises of the Baltic countries. In other items, Musti Group reports the Group functions, including the operations of the headquarters, the central warehouse and production.

Segment information is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the Group's Management Team, including the CEO. The Management Team is responsible for allocation of resources and reviewing performance, considering its composition and active involvement in material strategic and operative decision-making. The net sales of the reporting segments are derived from retail sales, as well as franchising sales and wholesales in Finland, Sweden, Norway and the Baltics. Online sales of Vetzoo is reported fully under Sweden.

Country directors of the geographical regions are responsible for their business area, and they are members of the Group's Management Team. Decisions on the offering, product pricing and marketing measures are determined at the country level. The business needs vary among the countries, as their maturity is very different. Finland is a very stable and mature market; Sweden is growing, and Norway is still in growth phase, and as such, their investment needs and profitability differ significantly from each other. Musti Group entered the Baltic markets in the late 2024.

The Group's Management Team reviews the results of the segments based on net sales, adjusted EBITDA and operating profit before amortisation of intangible assets (EBITA). Transactions outside the scope of the ordinary course of business is treated as items impacting comparability, and they are allocated to the segments. For other parts, the management monitors performance in accordance with IFRS. Financial income and expenses are not allocated to the segments, as the Group Treasury manages the Group's cash and cash equivalents and financial liabilities. Similarly, share of profits in associated companies and income taxes are not allocated to the segments.

In its reporting, the Group's Management Team does not allocate balance sheet items to the segments, and as such, they are not allocated to segments on this note.

Segments 2024

EUR thousand	Finland	Sweden	Norway	New markets	Group functions	Group
Net sales *	**242,087**	**224,212**	**91,110**	**3,162**	**0**	**560,571**
% split of net sales between segment	43%	40%	16%	1%	0%	100%
EBITDA	**60,646**	**43,805**	**20,554**	**183**	**-57,947**	**67,241**
Adjustments	539	182	79	0	13,588	14,388
Adjusted EBITDA	**61,185**	**43,987**	**20,633**	**183**	**-44,359**	**81,629**
Depreciation and impairment of right-of use assets and tangible assets	-14,600	-14,935	-7,669	-376	-6,097	-43,676
EBITA	**46,047**	**28,870**	**12,886**	**-193**	**-64,045**	**23,565**
Adjustments	539	182	79	0	13,588	14,388
Adjusted EBITA	**46,586**	**29,052**	**12,965**	**-193**	**-50,457**	**37,953**
Amortization and impairment of intangible assets						-7,347
Operating profit						**16,218**
Financial income						10,096
Financial expenses						-18,161
Profit before taxes						**8,152**
Income tax expense						-1,433
Profit/loss for the period						**6,719**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

Segments 2023

EUR thousand	Finland	Sweden	Norway	New markets	Group functions	Group
Net sales *	**189,908**	**170,899**	**64,933**	**0**	**0**	**425,740**
% split of net sales between segment	45%	40%	15%	0%	0%	100%
EBITDA	**52,569**	**36,282**	**15,072**	**0**	**-29,368**	**74,555**
Adjustments	68	215	23	0	-1,239	-933
Adjusted EBITDA	**52,637**	**36,497**	**15,095**	**0**	**-30,607**	**73,623**
Depreciation and impairment of right-of use assets and tangible assets	-11,116	-10,781	-5,667	0	-3,416	-30,980
EBITA	**41,453**	**25,500**	**9,405**	**0**	**-32,783**	**43,575**
Adjustments	68	215	23	0	-1,239	-933
Adjusted EBITA	**41,521**	**25,716**	**9,428**	**0**	**-34,023**	**42,643**
Amortization and impairment of intangible assets						-5,776
Operating profit						**37,800**
Financial income						6,522
Financial expenses						-10,605
Profit before taxes						**33,717**
Income tax expense						-7,229
Profit/loss for the period						**26,487**

* Net sales include sales of products and services to external customers. There are no internal net sales between the segments.

Revenue recognition

Accounting principles

IFRS 15 establishes a five-step model that is applied to the amount and timing of recognition of sales revenue. Under the standard, revenue is recognized when the entity satisfies its performance obligation, meaning that the customer obtains control of the goods or services. Control is transferred either over time or at a certain moment, and the revenue is recognized in an amount that reflects the consideration to which the entity expects to be entitled for those goods or services. IFRS 15 principles are applied using the following five-step model:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue

The standard requires the entity to exercise judgement when applying the five-step model to contracts with its customers. When exercising judgement, material facts and circumstances used for determining if the performance obligation has been satisfied and the revenue is to be recognized are taken into consideration.

Significant determinations based on the management's judgement

Musti Group's management has applied significant judgement in connection with the right to return products and the loyalty club bonuses. The amount of the consideration to which Musti Group expects to be entitled may vary based on the above-mentioned sub-areas. These sub-areas, that are subject to the management's judgement, are addressed more in detail in the section for recognition below.

Sales of goods and revenue recognition (stores, online and franchising stores)

Majority of the Group's sales revenue originates from retail sales of goods in its stores. The goods sold in the stores comprise pet food and accessories. The sales are mainly carried out in cash or using credits cards, and the revenue from the sales of goods is recognized at the time of transfer when the customer gains control of the goods.

Customers may also purchase gift cards and use them for paying goods in the stores. At the time of selling a gift card, Musti Group recognizes a corresponding liability in its balance sheet. Sales revenue is recognized when the customer uses the gift card.

Revenue from orders made online and sales to franchising partners is recognized when all products related to the order have been delivered to the customer or the franchising partner, and control of the goods is transferred to the buyer at a specific moment of time. A liability is recorded on the goods in transit delivered from online stores. The provision on goods in transit is included in the contractual liabilities.

Revenue from contract manufacturing of pet food is recognized at the time of transfer when the customer gains control of the goods.

Net sales are measured at the fair value of the consideration received or to be received. Net sales include proceeds from the sales of goods and franchising fees at the price which the company expects to receive adjusted with the indirect taxes, actual and estimated product returns, campaign discounts, Loyalty club bonuses and indirect taxes, as well as translation differences from sales in foreign currencies.

Contingent considerations: right to return products

Goods sold directly to consumers in stores and online include a right to return products within a period of 14 days in Finland and 30 days in Sweden and Norway. In the Baltic countries, the customers have a right to return the purchases within 14 days. Net sales are adjusted by the expected number of returns. For more information of the return policy, see Note 4.3 Trade and other liabilities. In addition, a customer may receive a discount, for example, in the form of campaign discounts.

For the right to return products, Musti Group estimates the amount of the consideration that it is entitled to receive against the transfer of promised goods to the customer.

Musti Group includes in the transaction price the estimated amount of the contingent consideration only to the extent that it is very likely that the recognized sales revenue is not required to be reversed significantly when the uncertainty related to the contingent consideration ceases to exist at a later moment of time. Musti Group estimates the contingent consideration based on the most likely amount of money.

Franchising fees

Musti Group carries out franchising operations in Sweden, the franchising fees are based on an upfront fee and a fee based on the franchising stores net sales. Fees related to franchising agreements are recognized over time.

Sales of services and revenue recognition

Musti Group provides welfare, veterinary and trimming services. A customer benefits from these services when it is provided, and as such, the revenue is recognized over time when Musti Group satisfies its performance obligation.

Net sales by channel

EUR thousand	1 Oct 2023 - 31 Dec 2024	%	1 Oct 2022 - 30 Sep 2023	%
Store sales	413,169	73.7	322,278	75.7
Online sales	136,359	24.3	97,808	23.0
Other sales	11,044	2.0	5,653	1.3
Total	**560,571**	**100.0**	**425,740**	**100.0**

Sales of services are included in the retail store sales. The share of services in the net sales is not significant, and as such, it is not presented separately. Other sales items include franchising fees and wholesales. Musti Group does not have any individual customer with a share of over 10% of Musti Group's total net sales.

Customer loyalty programs

The group companies operate loyalty programs where the members accrue bonuses from their purchases made in the stores. The net sales of these companies are adjusted with the customer refunds in the loyalty program as a part of the sales transaction. Simultaneously, accrued liability on bonus is recognized on the balance sheet. Corresponding sales in recognized when the customer refunds are used, or they expire. The expected refunds of the loyalty program bonuses are based on historical information. Musti updates the estimate quarterly.

Contractual amounts recorded in balance sheet

The Group recognizes in trade receivables the expected considerations to which it is entitled when goods are transferred, or services provided to a customer before the customer pays the consideration (see Note 4.2 Trade and other receivables).

Correspondingly, a liability is presented in Note 4.3 Trade and other liabilities when a customer pays the consideration before the goods are transferred or services provided to the customer. In addition, the contractual liabilities include liabilities related to gift cards, Loyalty club bonuses, right to return products and goods in transit.

2.2 Other operating income

Accounting principles

Other operating income includes income that does not relate to the income from regular sales operations. Other operating income includes, among others, received marketing contributions and subsidies, insurance compensations, capital gains on fixed assets and rental income.

Other operating income

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Rental income	775	437
Marketing contribution	4,454	1,835
Other received contribution	298	220
Fair value gains on acquisition	0	2,440
Other items	75	120
Total	**5,602**	**5,052**

2.3 Other operating expenses

Accounting principles

Other operating expenses include other expenses than cost of goods sold. The main items included in the other operating expenses relate to personnel costs, sales, marketing and premises.

All Musti Group's pension plans are defined contribution plans. In defined contribution plans, the Group pays fixed contributions to the pension insurances. The Group does not have legal or factual obligations to pay any additional amounts, if the insurance does not include sufficient assets for paying to all employees all benefits based on their service during the present and previous financial periods.

Number of personnel

Personnel *)	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Personnel on average	1,761	1,640
Personnel at the end of period	2,178	1,643

*) Full time equivalent

Employee benefit expenses

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Wages and salaries	81,252	59,370
Pension costs - defined contribution plans	18,279	13,942
Share based payments	1,220	590
Other employee benefit expenses	4,019	2,880
Total	**104,769**	**76,782**

Other operating expenses

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Premises	13,704	10,447
Maintenance, IT and equipment expense	10,790	6,353
Sales and marketing	24,547	16,511
Travel costs	2,468	1,581
Voluntary staff expenses	3,516	2,194
Other business expense *	25,769	11,440
Total	**80,793**	**48,527**

* Other expenses include, among other, expenses related to the administration and the support functions of the company.

Auditor´s fees

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Ernst &Young		
Audit fees	505	345
Tax advisory	38	16
Other services	20	26
Total	**563**	**387**

2.4 Share-based payments

The Note below provides information and describes the impacts of the Group's share-based incentive plans. More information on share-based incentive plans can be found in the separate Remuneration report.

Accounting principles

The fair value of share-based payments is measured on the day which the share-based payment plan is agreed upon between the counterparties and will be recognized as an expense over the vesting period. The settlement, if the set targets are met, is a combination of shares and cash. The component settled in shares is recognized in shareholders' equity and the payment settled in cash in liabilities. However, for awards with net settlement features, the cash-settled component for withholding tax payment is treated as equity-settled and recognized in shareholders' equity. At each statement of financial position date, the Group revises its estimates of the number of shares that are expected to be distributed. The impact of the revision of the original estimates, are recognized in the statement of income.

Significant determinations based on management's judgement

At each balance sheet date, the management revises its estimates for the number of shares that are expected to vest. As part of its evaluation, Musti Group considers the expected turnover of the personnel benefiting from the incentive plan and other pertinent information impacting the number of shares to be vested. In addition, the measurement of the fair value for the arrangement and the parameters used in the measurement of the fair value requires judgement from the management..

Share-based commitment and incentive schemes

The Board of Directors of Musti Group plc decided on 7 May 2020 on a share-based long-term incentive plan for the management team and the key employees, the Performance Share Plan (PSP) 2020-2024. On 16 December 2022, the Board of Directors of Musti Group plc decided to launch a new share-based incentive plan for Musti Group's key employee, the Performance Share Plan (PSP) 2023-2027.

The aim of a share-based compensation plan is to align the objectives of the shareholders and key employees for increasing the value of the company in the long-term. The plan is also to commit the key employees to the company and to offer them competitive incentive schemes that are based on earning and accumulating shares

Performance Share Plan 2020–2024

The Performance Share Plan consists of three performance periods, covering the financial years of 2020–2022, 2021–2023 and 2022–2024. The Board of Directors will decide separately for each performance period the plan participants, performance criteria, and the related targets, as well as the minimum, target, and maximum reward potentially payable based on target attainment at the beginning of a performance period..

Performance Share Plan 2023–2027

The Performance Share Plan 2023–2027 consists of three consecutive performance periods, covering the financial years of 2023–2025, 2024–2026 and 2025–2027. The Board of Directors decides on the plan's performance criteria and targets to be set for each criterion at the beginning of each performance period.

The potential reward based on the plans will be paid party in the company's shares and partly in cash after the end of each performance period. The cash proportion is intended for covering taxes and tax-related costs arising from the reward to a participant. However, the company has the right to pay the reward fully in cash under certain circumstances.

The expense for the performance share plan for the performance period 2020-2022 was recognized over the vesting period and rewards were paid in winter of 2023.

In performance period 2021-2023, the plan had 30 participants at most and the targets for the Performance Share Plan (PSP) were related to the Group's total shareholder return (TSR) and adjusted EBITA. The maximum number of shares to be paid based on the second performance period was approximately 137.600 Musti Group plc's shares, which corresponded to approximately EUR 2.9 million calculated with the volume weighted average share price on the trading day preceding the Board's decision. The number of shares represented gross earning, from which the withholding tax and possible other applicable contributions are deducted, and the remaining net amount is paid in shares. However, the company has the right to pay the reward fully in cash under certain circumstances. The rewards from the second performance period were paid out fully on cash in the winter of 2024.

The total expense for the share-based payments was recognized over the vesting period, which was 36 months for the 2021–2023 plan. No expenses were recognized for the plan during the financial year 2024 (2023: EUR 349 thousand). The cost related to share-based payments is recognized in personnel expenses. The share price at the grant date of the PSP was EUR 21.04. The fair value of the share plan at the grant date was in total EUR 1.4 million. The fair value of the share plan was determined from Musti

Group's share price at the grant date less the present value of dividends expected to be paid during the performance period. Performance conditions and service conditions were accounted for by adjusting the number of instruments.

In performance period 2022-2024, the plan has 37 participants at most and the targets for the performance period relates to company´s total shareholder return (TSR) and adjusted EBITA. The maximum number of shares to be paid based on the performance period is approximately 104,400 Musti Group plc´s shares. The number of shares represents gross earning, from which the withholding of tax and possible other applicable contributions are deducted, and the remaining net amount is paid in shares. However, the company has the right to pay the reward fully in cash under certain circumstances. Potential rewards from the performance period will be paid out during winter of 2025.

The total expense for the share-based payments is recognized over the vesting period, which is 36 months in the 2022–2024 plan. For the 2022–2024 plan, the compensation is measured during performance period in cash, and only after performance period at grant date translated into shares. The expense recognized for 2024 amounted to EUR 23 thousand (2023: EUR 13 thousand). The cost related to share-based payments is recognized in personnel expenses. The share price at the grant date of the PSP was EUR 26.06. The fair value of the share plan at the grant date was in total EUR 0.7 million. The fair value of the share plan was determined from Musti Group's share price at the grant date less the present value of dividends expected to be paid during the performance period. Performance conditions and service conditions were accounted for by adjusting the number of instruments.

The rewards to be paid based on the performance period 2023–2025 corresponded to the value of an approximate maximum total of 171,000 Musti Group plc shares, including the proportion to be paid in cash. In accordance with the decision of the Board of Directors of the Company, the rewards for the performance period were paid fully in cash in the spring of 2024.The target group of the plan consisted of 32 persons, including the group management team members. The reward was based on the company's adjusted EBITA and total shareholder return during financial year 2023.

The total expense for the share-based payments were recognized over the financial years 2023-2024. The expense recognized for 2024 amounted to EUR 142 thousand (2023: EUR 227 thousand). The cost related to share-based payments is recognized in personnel expenses. The share price at the grant date of the PSP was EUR 15.50. The fair value of the share plan at the grant date was in total EUR 0.7 million. The fair value of the share plan was determined from Musti Group's share price at the grant date less the present value of dividends expected to be paid during the performance period. Performance conditions and service conditions were accounted for by adjusting the number of instruments.

In the performance period 2024-2026, the plan has 30-35 participants and the targets for the performance period relates to company´s total shareholder return (TSR) and adjusted EBITA. The maximum number of shares to be paid based on the performance period 2024-2026 is approximately 143,000 Musti Group plc´s shares. The number of shares represents gross earning, from which the withholding of tax and possible other applicable contributions are deducted, and the remaining net amount is paid in shares. However, the company has the right to pay the reward fully in cash under certain circumstances. Potential rewards from the performance period 2024-2026 will be paid out during winter of 2027.

The total expense for the share-based payments is recognized over the vesting period, which is 33 months in the 2024–2026 plan. The compensation is measured during performance period in cash, and only after performance period at grant date translated into shares. The expense recognized for 2024 amounted to EUR 1,071 thousand. The cost related to share-based payments is recognized in personnel expenses. The share price at the grant date of the PSP was EUR 26.12. The fair value of the share plan at the grant date was in total EUR 3.7 million. The fair value of the share plan was determined from Musti Group's share price at the grant date less the present value of dividends expected to be paid during the performance period. Performance conditions and service conditions were accounted for by adjusting the number of instruments.

Assumptions applied in determining the fair value of share award

	Performance period FY2021-23	Performance period FY2022-24	Performance period FY2023-25	Performance period FY2024-26
Number of share awards granted, maximum, pcs	137,600	104,400	171,000	143,000
Number of plan participants at end of financial year	27	31	34	31
Share price at grant date, EUR	21.04	26.06	15.50	26.12
Assumed fulfilment of performance criteria, %	100.0%	0.0%	50.0%	50.0%
Estimated number of share awards returned prior to the end of commitment period, %	11.0%	10.0%	10.0%	10.0%

* Gross number of shares from which the applicable withholding tax is deducted, and the remaining net amount is paid in shares.

3. CAPITAL EMPLOYED

This section describes assets that are needed in business operations, as well as business acquisition carried out by Musti Group. Information on net working capital is presented in section 4.

3.1 Business combinations

Musti Group performs business acquisitions to accelerate the implementation of its strategy. During 2024 Musti Group acquired stores from its franchisees and independent entrepreneurs in Finland, Sweden and Norway as asset deals. Also, a 70% share of a veterinary clinic, Ninas Värld Arninge AB, was acquired in Sweden during the financial year. In addition, Musti Group acquired the shares of Pet City OÜ including its subsidiaries UAB Pet City, Pet City SIA and UAB Pet City Klinika, and Eesti Veterinaaria Kliinikum OÜ during the last quarter of the financial year.

Accounting principles

Acquired subsidiaries and businesses are consolidated in the consolidated financial statements from the date when Musti Group gained control over the acquired entity. Acquisition cost method is applied to the business combinations. The consideration transferred in the acquisition of a subsidiary includes the fair value of the transferred assets, incurred liabilities towards the previous owners of the acquired entity and the shares issued by the Group. Transferred consideration also includes the fair value of the asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and identifiable liabilities assumed in business combinations are initially valued at the fair value on the acquisition date. The identifiable assets include both tangible and intangible assets, such as customer relations, brands and technology.

Expenses related to the acquisitions are recognized when they incur, and they are presented in the profit and loss statement in other operating expenses.

Accounting estimates and the management's judgement

Net assets acquired in business combinations are measured at fair value. The fair value of acquired net assets is determined based on the market value of similar assets (tangible fixed assets) or an estimate of the expected cash flows (intangible assets). The valuation is based on the current repurchase values, expected cash flows or estimated selling prices, and it requires management's judgement and assumptions. The management believes that the estimates and assumptions used are sufficiently reliable for determination of the fair value.

Acquisitions 1 Oct 2023-31 Dec 2024

During the financial year 2024 Musti Group acquired eight pet stores in Sweden as business acquisitions. The total purchase price for the stores was approximately EUR 5.6 million and the resulting goodwill EUR 5.5 million. In addition, Musti Group acquired a 70% share of a veterinary clinic Ninas Värld Arninge AB in Sweden. Purchase price was EUR 0.2 million and the resulting goodwill was EUR 0.1 million. Goodwill is based on synergies from the acquisitions. The acquisitions did not have a material impact on group's net sales or result. In December 2024, Musti acquired a 40% share of a veterinary clinic Petrus Veterinærer AS in Norway amounting to EUR 2.0 million. The company is treated as an associated company.

Musti acquired the shares of Pet City OÜ including its subsidiaries UAB Pet City, Pet City SIA and UAB Pet City Klinika, and Eesti Veterinaaria Kliinikum OÜ from Magnum Group for an Enterprise Value (EV) of EUR 18.0 million, of which EUR 13.7 million was paid in cash at closing. The remaining will be settled in cash once the closing accounts have been approved by both buyer and the seller. Pet City operates 46 retail stores and 16 veterinary clinics in the Baltic countries including an e-commerce platform operating throughout the Baltic region. The store network consists of 25 stores in Estonia, 13 in Latvia and 8 in Lithuania. On the veterinary clinic side, there are 8 clinics in Estonia, 4 in Latvia and 4 in Lithuania. The aggregated turnover of the acquired operations was EUR 31.5 million in FY 2023 (EUR 28.6 million in FY 2022) and the EBITDA EUR -1.1 million (EUR -0.7 million in FY 2022). In FY 2023 Pet City had assets amounting 8.7 million (EUR 8.9 million in FY 2022) and liabilities amounting EUR 23.7 million (EUR 21.3 million in FY 2022).

Preliminary purchase price allocation for the acquisition is presented below:

EUR thousand	Pet City
Acquisition cost	
Purchase price paid in cash	18,237
Fair value of net identifiable assets acquired	
Non-current assets	
Property, plant and equipment	17,602
Trademarks	1,750
Other intangible assets	508
Deferred tax assets	142
Current assets	
Inventories	2,975
Trade and other receivables	640
Cash and cash equivalents	731
Total assets	**24,347**
Non-current liabilities	
Deferred tax liabilities	329
Lease liabilities	12,045
Current liabilities	
Lease liabilities	2,988
Trade and other payables	5,337
Total liabilities	**20,699**
Net assets acquired	**3,649**
Goodwill	**14,589**
Cash flow impact	
Purchase price paid in cash	-13,678
Cash and cash equivalents of the acquired company	731
Expenses related to the acquisition	-385
Impact on cash flows	**-13,332**

Acquisitions 1 Oct 2022-30 Sep 2023

During the financial year 2023 Musti Group acquired five pet stores in Sweden and one in Norway as business acquisitions. The total purchase price for the stores was approximately EUR 4.7 million and the resulting goodwill EUR 4.4 million. Goodwill is based on synergies from the acquisitions. The acquisitions did not have a material impact on group's net sales or result.

Musti Group acquired the full ownership of the pet food manufacturer Premium Pet Food Suomi Oy on 3rd of April 2023 and the company became a fully owned subsidiary of Musti Group. Goodwill resulting from the acquisition amounted to approximately EUR 3.6 million that is based on several factors: we can respond to increased demand for locally and sustainably produced pet food as well as support developing our own branded food offering. Prior to the transaction, Musti Group held 49.2% of the shares in the company. The company's net sales from its previous financial year July 2021 – June 2022 was EUR 7.7 million and FAS EBITDA EUR 1.4 million. Musti Group recognized a fair value gain of EUR 2.4 million relating to the previously held share of the company in Q3 2023. The acquisition cost includes an estimated contingent consideration amounting to EUR 2.0 million. The consideration is subject to the operative effectiveness and production capabilities of the company and is maximum EUR 3.0 million.

If the company had been acquired already in the beginning of the financial year 2023, the Group's net sales would have been EUR 4.0 million higher, EBIT 0.2 million higher and profit for the period EUR 0.1 million higher than reported.

EUR thousand	Premium Pet Food Suomi Oy
Acquisition cost	
Purchase price paid in cash	
Contingent consideration	2,000
Fair value of the previously held share of the company	1,957
Fair value of net identifiable assets acquired	3,838
Non-current assets	
Property, plant and equipment	
Intangible assets	10,445
Current assets	2,161
Inventories	
Derivative financial instruments	1,462
Trade and other receivables	335
Cash and cash equivalents	2,109
Total assets	**-449**
	16,063
Non-current liabilities	
Deferred tax liabilities	
Financial liabilities	505
	8,821
Current liabilities	
Financial liabilities	
Trade and other payables	702
Total liabilities	**1,847**
	11,874
Net assets acquired	
	4,189
Goodwill	
	3,606
Cash flow impact	
Purchase price paid in cash	
Cash and cash equivalents of the acquired company	-2,000
Expenses related to the acquisition	-449
Impact on cash flows	**-77**
	-2,526

3.2 Intangible assets

The tables below set forth the changes in intangible assets during the financial years covered by the financial statements.

Accounting principles

Goodwill

Goodwill arises from the acquisition of subsidiaries, and it corresponds to the amount that the acquisition consideration exceeds the fair value of identifiable net assets.

Goodwill acquired in business combinations is allocated for impairment testing to the cash generating units that are expected to gain benefit from the synergies created by the combination. Goodwill is allocated to the unit at the company's lowest level where the goodwill is monitored internally for the management purposes.

Goodwill is reviewed for impairment annually or whenever events or changes in circumstances indicate to a possible impairment. The carrying amount of the cash-generating unit including goodwill is compared to the recoverable amount that is higher of the value in use or the fair value net of selling expenses. Possible impairment is recognized as an expense with immediate effect, and it will not be reversed later.

Other intangible assets

Other intangible assets include developments costs related to webstores, software and information technology, as well as licenses and customer relations. Intangible assets are recorded in the balance sheet when the accounting requirements of IAS 38 standard are satisfied. Intangible assets with a limited useful life are valued in the original acquisition cost and they are amortized with the straight-line method over their estimated useful life. Intangible assets are amortized over 3-10 years. Intangible assets with indefinite useful life are not amortized but tested annually for impairment. Except for goodwill, Musti Group does not have intangible assets with indefinite useful life.

EUR thousand	Development expenditure	Goodwill	Other intangible assets	Advance payments	Total
2024					
Cost 1 Oct 2023	**124**	**174,210**	**53,028**	**2,058**	**229,420**
Business combinations		254	1,753		2,007
Additions		20,344	7,519	-105	27,758
Exchange differences		216	26	4	246
Cost 31 Dec 2024	**124**	**195,024**	**62,326**	**1,957**	**259,431**
Accumulated amortization and impairment at 1 Oct 2023	**-19**	**164**	**-36,778**		**-36,633**
Amortization	-48		-7,284		-7,332
Exchange differences		-31	-48		-79
Accumulated amortization and impairment at 31 Dec 2024	**-67**	**133**	**-44,111**		**-44,045**
Net book value at 1 Oct 2023	**105**	**174,375**	**16,249**	**2,058**	**192,787**
Net book value at 31 Dec 2024	**57**	**195,158**	**18,215**	**1,957**	**215,387**
2023					
Cost 1 Oct 2022	**0**	**170,623**	**47,765**	**805**	**219,192**
Business combinations	124	3,606	2,037		5,767
Additions		4,465	4,038	1,266	9,769
Exchange differences		-4,483	-812	-14	-5,308
Cost 30 Sep 2023	**124**	**174,210**	**53,028**	**2,058**	**229,420**
Accumulated amortization and impairment at 1 Oct 2022	0	-117	-31,674		-31,792
Amortization	-19		-5,747		-5,766
Exchange differences		282	643		925
Accumulated amortization and impairment at 30 Sep 2023	**-19**	**164**	**-36,778**		**-36,633**
Net book value at 1 Oct 2022	**0**	**170,505**	**16,090**	**805**	**187,401**
Net book value at 30 Sep 2023	**105**	**174,375**	**16,249**	**2,058**	**192,787**

3.3 Goodwill and impairment testing

Accounting estimates and determinations based on the management's judgement

The management uses significant estimates and determinations based on judgement for deciding the level where goodwill is allocated, as well as for determining whether there are indications of impairment of goodwill.

The recoverable amount of a cash generating unit is determined based on value-in-use calculations requiring estimates. The calculations use cash flow projections based on budgets and financial estimates approved by management covering a five-year period. Cash flow forecasts are based on the Group's actual results and the management's best estimates on future sales, cost development, general market conditions and applicable tax rates. Cash flows beyond the five-year period are extrapolated using the estimated growth rates. The growth rates are based on the management's prudent estimates on future growth in the business. Management tests the impacts of changes in significant estimates used in forecasts by sensitivity analyses as described in this Note.

To carry out impairment testing, the management monitors goodwill at the level of Finland, Sweden, Norway and Baltics which are considered as the cash generating units (CGU). The CGU level is based on how the management follows the operative business. The recoverable amounts of the cash generating units are based on value in-use determined by discounted future net cash flows by the CGU.

The table below sets forth the allocation of consolidated goodwill to the Group's cash generating units:

EUR thousand	31 Dec 2024	30 Sep 2023
Finland	100,542	99,009
Sweden	74,415	69,750
Norway	5,358	5,616
Baltics	14,842	0
Total	**195,157**	**174,375**

Key assumptions in the projections are the development of net sales and key cost items, the discount rate used in the calculations as well as the terminal growth rate after the five-year forecast period. The projections have been prepared to reflect the past performance and conservative expectations for the future considering the Group's market position and the general economic environment. Cash flows beyond the five-year period are extrapolated using the terminal growth rate of 2% (2%). The discount rate used in the impairment testing is weighted average cost of capital (WACC). The discount rate reflects the total cost of equity and debt, and CGU-specific market risks. Discount rate applied in Finland was 9.2% (2023: 9.0%), in Sweden 8.7% (2023: 8.4%), in Norway 8.7% (2023: 8.5%) and 9.7 % in the Baltics.

As a result of the impairment tests performed, no impairment loss was recognized for any period presented. In 2024 the recoverable amount calculated on the basis on value-in use exceeded the carrying value by EUR 234.2 million in Finland, EUR 83.0 million in Sweden, EUR 121.1 million in Norway and EUR 2.1 million in the Baltics (2023: EUR 286.1 million in Finland, EUR 181.5 million in Sweden and EUR 149.2 million in Norway).

Sensitivity analysis

The management has estimated that regarding Finland, Sweden and Norway it is unlikely that a somewhat possible change in key assumptions will cause the carrying amount of the cash generating unit to exceed its recoverable amount. The key assumptions are based on past experience and they reflect the management's perception of developments of cost and net sales. The average revenue growth used for the forecast period has been 8.0%. The long-term EBITDA margin assumption used for the impairment testing of goodwill is based on past experience of EBITDA margins and it reflects the management's perception of developments in sales prices and sales volumes during the forecast period.

The management has prepared a sensitivity analysis for the cash-generating unit of the Baltics. According to the analysis, the increase of the discount rate to 10.5% or decrease of the forecasted cash flows by EUR 2.4 million, would result in the value of the tested assets being equal to the unit's recoverable cash flow.

3.4 Associated companies

Companies where the Group has a significant influence, to participate in the financial and operating policy decisions but not control or joint control them, are treated as associated companies. The Group has one associated company, a Norwegian veterinary service provider Petrus Veterinærer AS. Musti acquired 40% of the company's shares in December 2024 for EUR 2.0 million.

The investment made in Petrus Veterinærer AS was accounted for using the equity method and it was recognized at cost including translation difference arising from the translation of the investment to euros. Post-acquisition movements are adjusted against the carrying amount of the investment. In addition, the Group's share of profits or losses of the associated company is recognized as a separate item on the consolidated statement of income. The Group did not recognize any share of profits or losses of the associated company in this financial year since the acquisition took place close to the end of the financial year in December 2024.

Summarized financial information in respect of the associated company is set out in the following table:

Summarized balance sheet

EUR thousand	31 Dec 2024
Total non-current assets	441
Current assets	
Cash	1,977
Other current assets	194
Total current assets	**2,172**
Total assets	**2,613**
Non-current liabilities	
Financial liabilities	148
Total non-current liabilities	**148**
Current liabilities	
Financial liabilities	61
Other liabilities	207
Total current liabilities	**268**
Total liabilities	**416**
Equity	**2,197**
Group's share of equity	**879**

Summarised statement of profit or loss

EUR thousand	1 Jan 2024 - 31 Dec 2024
Net sales	1,217
Depreciation and amortisation	113
Financial income and expenses	2
Profit (loss) for the year	**-636**
Group's share of profit for the year	0

Changes in the carrying amount of the associated company

EUR thousand	31 Dec 2024
Book value at the beginning of the financial year	0
Additions	1,993
Disposals	0
Share of profit	0
Translation differences	-26
Book value at the end of the financial year	**1,967**

3.5 Property, plant and equipment

The tables below set forth changes in property, plant and equipment during the financial years covered by the financial statements.

Musti Group's land, buildings and structures consist of pet food production facilities. Machinery and equipment mainly comprise store and office equipment. Other tangible assets mainly include refurbishment costs of leased premises. The right-of-use items, based on lease agreements and recognized in compliance with IFRS 16, are included in the tangible assets in the balance sheet. The right-of-use items and the applied accounting principles are presented in the Note 3.6 Leases.

Accounting principles

Property, plant and equipment are presented at acquisition cost less depreciation and potential impairment losses. Subsequent costs are included in the carrying amount when they can be measured reliably, and there is an economic benefit to the company.

Significant leasehold improvements are included in the asset's carrying amount or are separated as a separate asset when it is probable that they will be economically useful in the future and the costs incurred can be distinguished from normal repair and maintenance costs.

Buildings and structures, machinery and equipment as well as other tangible assets are depreciated over their useful lives. Useful lives are based on estimates of the period over which the assets will generate revenue. Depreciation is recognized on a straight-line basis based on the cost of the assets and estimated useful lives. Impairment tests for depreciable non-current assets are performed if there are indications of impairment at the balance sheet date. Depreciation is not recognized on land, except for leased land, as the useful life is considered indefinite.

Useful lives of the asset's categories are:

- Buildings and structures 30 years
- Machinery and equipment 3-7 years
- Right-of-use assets (IFRS 16 Leases) 3-15 years
- Renewal and refurbishment investments in lease premises 5-10 years

The Group estimates on each balance sheet date, if there is any indication that an asset may be impaired. If such indication exists, the relevant asset is tested for impairment. The impairment test estimates the asset's recoverable amount.

The recoverable amount is higher of an asset's fair value after selling costs and its value in use. If the recoverable amount cannot be determined on the asset level, the need for impairment is estimated at the level of the smallest cash generating unit that is for its main parts independent from other units and has cash flows that can be separated from the cash flows of other similar units.

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
2024						
Cost 1 Oct 2023	**192**	**6,150**	**26,151**	**24,208**	**265**	**56,967**
Business combinations			483	2,087	251	2,820
Additions	100	32	4,822	5,223	1,204	11,382
Disposals						0
Reclassifications						0
Exchange differences			3	-318	-1	-316
Cost 31 Dec 2024	**292**	**6,183**	**31,458**	**31,200**	**1,720**	**70,852**
Accumulated depreciation at 1 Oct 2023	**0**	**-131**	**-16,193**	**-13,073**	**0**	**-29,398**
Depreciation		-276	-3,787	-5,169		-9,232
Impairment			-4	-1		-5
Exchange differences			8	173		181
Accumulated depreciation at 31 Dec 2024	**0**	**-408**	**-19,976**	**-18,069**	**0**	**-38,453**
Net book value at 1 Oct 2023	**192**	**6,019**	**9,958**	**11,135**	**265**	**27,570**
Net book value at 31 Dec 2024	**292**	**5,775**	**11,482**	**13,131**	**1,720**	**32,400**

EUR thousand	Land	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments	Total
2023						
Cost 1 Oct 2022	**0**	**0**	**20,507**	**21,403**	**60**	**41,969**
Business combinations	192	6,104	3,646		7	9,950
Additions		46	2,521	3,783	199	6,549
Disposals			-26			-26
Reclassifications			-29			-29
Exchange differences			-468	-977	-1	-1,446
Cost 30 September 2023	**192**	**6,150**	**26,151**	**24,208**	**265**	**56,967**
Accumulated depreciation at 1 Oct 2022	**0**	**0**	**-13,813**	**-9,620**	**0**	**-23,433**
Depreciation		-131	-2,716	-3,867		-6,714
Impairment			-10			-10
Exchange differences			345	414		759
Accumulated depreciation at 30 Sep 2023	**0**	**-131**	**-16,193**	**-13,073**	**0**	**-29,398**
Net book value at 1 Oct 2022	**0**	**0**	**6,694**	**11,783**	**60**	**18,536**
Net book value at 30 Sep 2023	**192**	**6,019**	**9,958**	**11,135**	**265**	**27,570**

3.6 Leases

The Group has leased store premises and office and warehouse spaces with lease agreements that are included in the scope of IFRS 16 Leases. In addition, the Group has leased parking spaces, vehicles, IT and other equipment and advertising spaces. The right-of-use asset classified as land and water consists of lease agreement for the land of the acquired pet food factory. The lease agreements have a fixed term, or they can be terminated with a notice. The Group does not have service agreements containing commodities that should be recognized as right-of-use assets under IFRS 16.

Accounting principles

Right-of-use assets

Musti Group recognizes a right-of-use asset and a lease liability on the date when the agreement comes into effect, excluding short-term lease agreements and leases of low value assets (see the next page).

The right-of-use asset is initially measured at cost, and it includes the initial valuation of the lease liability, the lease amounts paid by the date when the agreement comes into effect net of any incentives received in connection with the lease agreement, any initial direct costs incurred to Musti Group and an estimate on costs that will incur to Musti Group from reversal and removal of the asset or the remediation of the premises to the condition defined in the lease agreement.

Lease liability

Musti Group determines the value of the lease liability on the date when the lease agreement comes into effect. The value of the lease liability includes payments that have not been paid on the date when the lease agreement comes into effect, including fixed payments, variable rents linked to an index or a price level, execution price of an call option, if it is reasonably certain that Musti Group will exercise the option, and payment of sanctions resulting from termination of the lease, if the term of the lease takes into account that Musti Group will exercise the option to terminate the lease.

Musti Group uses the minimum rents specified in the lease agreement for estimating the fixed payments. The non-lease components are separated from the lease payments when they can be determined reliably. Musti Group also has lease agreements that include variable payments determined based on net sales. Only minimum payments have been included in the lease liability for such agreements, and variable payments based on the net sales are measured as a cost in the profit and loss statement for the period when they incur.

Lease liability is remeasured when the lease term or lease payments are amended. Musti Group uses the interest rate for additional loans for determining the interest rate of the lease liability, as no internal interest rates for the lease agreements are available.

Short-term agreements and leases of low value assets

Musti Group recognizes in its profit and loss statement any lease payments on short-term leases with a term of 12 months or less, as well as on lease agreements where leased asset is of low value. Leases for low value assets are agreements where the leased asset would cost less than EUR 5,000 if it were purchased as new. The expenses from such agreements are presented in this Note below.

Sublease agreements

Musti Group has subleased intra-group commodities relating to store premises and fixtures. They have no impact on the consolidated figures.

Accounting estimates and management judgment

The management uses judgement for estimating the term of lease agreements with an option for extension, termination or acquisition. When Musti Group is reasonably certain that the option for extension, termination or acquisition will be exercised, the option is considered in the determination of the lease period. If the exercise of the option is uncertain, the option is not included in the determination of the lease term, right-of-use asset or lease liability.

The management uses judgement for estimating the term of lease agreements in effect until further notice. The management's estimates are based on the company's strategic situation and market conditions, as well the costs that would incur if the leased commodity would be replaced by another commodity.

Determination of the interest rate for additional credit also requires management's judgement. The interest rate for additional credit is determined based on the Group's financing agreements considering the fluctuation of risk-free interest in each country. The company applies single discounting rate for the portfolio comprising lease agreements with similar characteristics.

The tables set forth the amounts of right-of-use assets in the balance sheet and their impact on the profit and loss statement.

Right-of-use assets

EUR thousand	Land and water	Buildings and structures	Machinery and equipment	Total
2024				
Net book value at 1 Oct 2023	**179**	**74,550**	**1,043**	**75,771**
New contracts	0	6,525	372	6,897
Acquisitions through business combinations	0	14,942	91	15,033
Terminated contracts	0	-810	-252	-1,062
Revaluations and modifications	0	28,828	157	28,985
Exchange rate differences	0	-465	4	-461
Depreciation	-5	-34,037	-592	-34,634
Net book value at 31 Dec 2024	**174**	**89,533**	**823**	**90,529**

EUR thousand	Land and water	Buildings and structures	Machinery and equipment	Total
2023				
Net book value at 1 Oct 2022	**0**	**75,604**	**623**	**76,227**
New contracts	0	7,732	369	8,101
Acquisitions through business combinations	181	0	315	496
Terminated contracts	0	-1,470	-30	-1,500
Revaluations and modifications	0	19,384	118	19,502
Exchange rate differences	0	-2,764	-25	-2,789
Depreciation	-2	-23,937	-327	-24,266
Net book value at 30 Sep 2023	**179**	**74,550**	**1,043**	**75,771**

Lease liability

EUR thousand	31 Dec 2024	30 Sep 2023
Lease liability at the beginning	**79,825**	**80,681**
Net increases	49,173	23,553
Rent expenses	-37,080	-26,743
Interest expense	3,676	2,334
Lease liability at the end	**95,595**	**79,825**

EUR thousand	31 Dec 2024	30 Sep 2023
Non-current lease liability	66,889	55,518
Current lease liability	28,706	24,307
Total	**95,595**	**79,825**

The maturity distribution of lease liabilities is presented in Note 5.1 Financial risk management.

Lease contracts in the income statement

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Expenses from short-term rental agreements, leasing agreements with minor value and variable rental costs, that are not included in the lease liability	-1,127	-1,054
Depreciation of right of use assets	-34,454	-24,266
Interest expenses from lease liability *	-3,676	-2,334
Total	**-39,257**	**-27,654**

* Included in the Note for financial expenses, see Note 5.4 Financial income and expenses

Repayments of lease liabilities in the financing cash flow amounted to EUR 33,157 (24,427) thousand.

The weighted average interest used in the calculation of interest expenses was 3.8% (2.9%).

4. NET WORKING CAPITAL

This section describes the items included in the net working capital. Net working capital comprises inventory, trade and other receivables, as well as trade and other payables.

EUR thousand	31 Dec 2024	30 Sep 2023
Net working capital		
Inventories	66,455	58,385
Trade and other receivables	14,705	11,575
Trade and other payables	-68,153	-61,725
Excluding financial items in other liabilities	466	213
Total	**13,472**	**8,448**
Change of net working capital in the balance sheet	-5 024	13 897
Items that are not included in the change of net working capital as presented in the cash flow statement, with their impact included elsewhere in the cash flow statement *	-7 567	804
Change of net working capital in the cash flow statement **	-12 591	14 700

* The major items are related to business combinations.

** An increase in the net working capital decreases the cash flow, and a decrease in the net working capital increases the cash flow.

4.1 Inventories

The Group's inventory mainly consists of purchased pet food and other products. The Group's production activities are carried out at the wholly owned pet food factory Premium Pet Food Suomi Oy in Lieto, Finland. At the end of the financial year, the inventory of the factory amounted to EUR 2.3 (1.7) million. Consolidated inventories of Pet City amounted to EUR 3.7 million at the year-end.

Accounting principles

Musti Group's inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less direct costs necessary to make the sale.

The acquisition cost of inventory is determined using the FIFO method. The acquisition cost comprises all costs incurred from delivering the inventory to the location and condition at time of the review.

Inventory is recognized as a cost for the same period when the corresponding sales is recognized. Impairment and obsolescence of inventory are recorded as costs at the time they incur. In addition, Musti Group records continuously a provision for losses on the inventory.

A possible reversal of a write-down is recognized in the period in which the change in value is recognized.

Accounting estimates

The Group regularly reviews inventories for obsolescence and turnover, and for possible reduction of net realizable value below cost and records an impairment as necessary.

Inventories

EUR thousand	31 Dec 2024	30 Sep 2023
Finished goods	66,112	58,085
Advance payments	343	300
Total	**66,455**	**58,385**
Inventories recognised as expenses, for which the carrying amount of inventories was reduced to the net relisable value	4,725	3,650

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
The amount of inventories recognized as an expense during the period	330,378	242,117

4.2 Trade and other receivables

Trade and other receivables comprise trade receivables, other receivables (mainly Value Added Tax receivables) and deferred receivables. Income tax receivables are presented as a separate item in the balance sheet.

Payment terms of trade receivables vary according to the customer type and credit rating. In the online stores, the customers pay their purchases in advance. Impairment of trade and other receivables, as well as the Group's exposure to credit risk are described in the Note 5.1.

Accounting principles

Trade receivables are receivables resulting from selling products or providing services to customers in the ordinary course of business. Receivables that are expected to be paid within one year from the end of the financial year are classified as current assets. Otherwise, they are presented as non-current assets. Trade receivables usually fall due within 14 or 30 days, and as such, all of them are classified as current assets. Note 5.1 describes principles applied to impairment of trade and other receivables, as well as other accounting principles applied to them.

Other receivables mainly comprise prepayments and accrued income generated in the ordinary course of the Group's business.

The Group's receivables are financial assets not included in the derivatives with fixed or determined payments that are not quoted on active markets. They are included in the current assets, except for items maturing over 12 months after the end of the reporting period. Group's receivables consist of 'Trade and other receivables' and 'Cash and cash equivalents'.

The table below set forth the items included in the trade and other receivables:

Trade and other receivables

EUR thousand	**31 Dec 2024**	**30 Sep 2023**
Trade receivables *	5,723	6,050
Prepayments and accrued income	3,815	4,132
Other receivables	5,167	1,393
Total	**14,705**	**11,575**

* Credit card receivables are included in the trade receivables.

Of the trade receivables, a total of EUR 35 thousand has been recognized as a credit loss in the statement of profit and loss in 2024. During 2023, the recognized credit loss in the statement of profit and loss was EUR 13 thousand.

The credit loss risk is described in more detail in the Note 5.1 Financial risk management.

4.3 Trade and other payables

Accounting principles

Trade payables are payment obligations towards suppliers and service providers arising from products and services acquired in the ordinary course of business. Trade payables are classified as current liabilities if they fall due for payment within one year from the balance sheet date. Trade payables are initially measured at fair value, and subsequently at amortized cost using the effective interest rate method. Trade and other payables are classified as other financial liabilities and measured at amortized cost.

Customers are entitled to return their purchases within 14 days in Finland and Baltics, and within 30 days in Sweden and Norway. For products sold, that have a repayment period at the end of the financial year, an obligation is recorded as a corresponding contractual liability. Contractual liability includes all costs incurred in settling an existing obligation. The management estimates the amount of this liability based on previous claims and any recent developments indicating that the number of claims may differ from the previous claims in the future. For online sales, products in transit result in a contractual liability.

Accounting estimates

Determination of the liability resulting from the right to return products involves uncertainty, as the actual amount of returned goods may differ from the estimates. Estimates and assumptions are reviewed quarterly. Differences between estimated and actual product returns may impact the amount of future contractual liabilities recorded, in accrued expenses.

The tables below set forth items included in trade and other payables:

Trade and other payables

EUR thousand	31 Dec 2024	30 Sep 2023
Trade payables	31,300	35,958
Advances received	612	287
Other liabilities	13,317	11,553
Accrued expenses	22,925	13,927
Total	**68,153**	**61,725**

Material items included in accrued expenses

EUR thousand	31 Dec 2024	30 Sep 2023
Personnel related costs	13,984	10,050
Accrued interests	466	213
Other items	8,475	3,664
Total	**22,925**	**13,927**

Material items included in other liabilities

EUR thousand	31 Dec 2024	30 Sep 2023
VAT liabilities	8,234	7,640
Payroll taxes	3,029	2,198
Loyalty program	2,016	1,546
Other items	37	169
Total	**13,317**	**11,553**

Trade and other payables comprise trade payables, other payables, advance payments, and accrued expenses incurring in the ordinary course of business of the Group.

Contractual liabilities comprise rights to return products, as well as products in transit.

The valuation and revenue recognition of the loyalty program requires management's judgment, particularly in determining the fair value of bonuses and the expiration of bonuses. The bonus liability consists of bonuses or stamp card discounts accrued to the loyal customer account (see Note 2.1 Segment reporting and net sales) less the estimated expiration date of the bonuses or discounts based on historical information.

5. CAPITAL STRUCTURE AND FINANCIAL INSTRUMENTS

This Note describes Musti Group's exposure to financial risks, how these risks may impact Musti Group's financial results and how the management identifies and mitigates exposures

5.1 Financial risk management

The purpose of the risk management is to ensure access to cost efficient funding and to decrease the negative impacts on the Group's profit and balance sheet caused by financial markets.

The financial risk management of the Group is governed by the Treasury Policy. The Chief Financial Officer presents the policy to the Board of Directors for approval. The implementation of the policy including funding, identification of exposures and hedging is delegated to the Group Treasurer.

Foreign exchange rate risk

Foreign exchange risk is defined as the uncertainty in cash flows, equity and financial performance arising from currency exchange rate volatility.

The Group is subject to foreign exchange rate risk arising from subsidiary financing, commercial cash flows and intra-group invoicing. The Group's most significant transaction currency risks arise from the Swedish Krona (SEK), Norwegian Krone (NOK), the US dollar (USD) and the British Pound (GBP).

Transaction risk

Transaction risk arises from commercial cashflows in foreign denominated currency (purchases and sales) and balance sheet items in foreign denominated currency (such as loans, deposits, and interest flows).

Forecasted commercial cash flows are hedged up to 12 months in advance. Finnish and Swedish subsidiaries have hedged forecasted USD and GBP outflows using currency derivative agreements. Additionally, sales denominated in NOK and purchases in EUR have been hedged in one of the Swedish subsidiaries. Significant strengthening of the USD and GBP in relation to EUR and SEK and weakening of the NOK in relation to SEK has a negative impact on the value of the forecasted cashflows.

Intra-group funding is granted in local currency of the subsidiary and is fully hedged with currency forward agreements excluding loans classified as net investments in foreign subsidiaries.

The foreign currency positions (in euros) of the segments at the end of the financial year are represented in the tables below. New Markets segment did not have any foreign currency positions at the year-end.

The foreign currency positions (in euros) of the segments at the end of the reporting period

Finland

31 Dec 2024				
EUR thousand	**SEK**	**NOK**	**USD**	**GBP**
Trade payables	24		-204	-223
Interest-bearing liabilities	-8,727			
Cash and cash equivalents	-949	-12	31	6
Derivative financial instruments*	8,729		1,072	1,424
Position, total	**-922**	**-12**	**899**	**1,207**

30 Sep 2023				
EUR thousand	**SEK**	**NOK**	**USD**	**GBP**
Trade payables	-205		-278	-630
Interest-bearing liabilities				
Cash and cash equivalents	155	44	23	2
Derivative financial instruments*			987	1,843
Position, total	**-50**	**44**	**732**	**1,214**

Sweden

31 Dec 2024				
EUR thousand	**EUR**	**NOK**	**USD**	**GBP**
Trade payables	-9,226	-9	-710	-231
Trade receivables	389	56	9	
Cash and cash equivalents	-40	35	19	41
Derivative financial instruments*	12,350	-21,026	13,972	1,266
Position, total	**3,473**	**-20,944**	**13,290**	**1,076**

30 Sep 2023				
EUR thousand	**EUR**	**NOK**	**USD**	**GBP**
Trade payables	-9,901	-7	-1,853	-838
Trade receivables	734	483		
Cash and cash equivalents	13	-163	25	18
Derivative financial instruments*	2,150	-11,462	8,939	1,932
Position, total	**-7,004**	**-11,149**	**7,111**	**1,111**

Norway

31 Dec 2024				
EUR thousand	**EUR**	**SEK**	**USD**	**GBP**
Trade payables	-338	-3		
Position, total	**-338**	**-3**	**0**	**0**

30 Sep 2023				
EUR thousand	**EUR**	**SEK**	**USD**	**GBP**
Trade payables	-56	-398		
Position, total	**-56**	**-398**	**0**	**0**

*The Group has entered into foreign exchange derivative agreements to hedge forecasted cashflows in SEK (vs EUR), NOK, USD and GBP.

This segment level currency exposure is the basis for the sensitivity analysis of foreign exchange risk. Assuming local currency to appreciate 10% against all other currencies, the impact would be:

Finland

31 Dec 2024				
EUR thousand	**SEK**	**NOK**	**USD**	**GBP**
EUR +10%	92	1	-90	-121

30 Sep 2023				
EUR thousand	**SEK**	**NOK**	**USD**	**GBP**
EUR + 10%	5	-4	-73	-121

Sweden

31 Dec 2024				
EUR thousand	**SEK**	**NOK**	**USD**	**GBP**
SEK +10%	-347	2,094	-1,329	-108

30 Sep 2023				
EUR thousand	**SEK**	**NOK**	**USD**	**GBP**
SEK +10%	700	1,115	-711	-111

Norway

31 Dec 2024				
EUR thousand	**EUR**	**SEK**	**USD**	**GBP**
NOK +10%	34	0	0	0

30 Sep 2023				
EUR thousand	**EUR**	**SEK**	**USD**	**GBP**
NOK +10%	6	40	0	0

Assuming local currency to depreciate 10% against all other currencies, the impact would be the same magnitude but opposite. The sensitivity analysis as required by IFRS 7, includes financial instruments, such as trade and other receivables, trade and other payables, interest-bearing liabilities, deposits, non-current receivables, cash and cash equivalents and derivative financial instruments.

The following items related to exchange rates were recognized for the period through profit and loss:

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Items recognised through profit and loss		
Net exchange rate gains/losses included in the financial income/expenses	345	-720
Exchange rate gains/losses recognised in the result for the period, total (net)	**345**	**-720**

Translation risk

Translation risk arises when the currency denominated income and balance sheet items of group companies located outside the euro area are consolidated into euro. The most significant translation risk currencies are the Swedish krona (SEK) and the Norwegian krone (NOK). As of 31 December 2024, the total non-EUR denominated equity, goodwill and fair value step up of the subsidiaries was EUR 110.2 (95.0) million. In addition, the group had intra-group loans classified as net investments amounting to EUR 38.5 (38.4) million.

Musti Group is currently not hedging any translation exposure.

Interest rate risk

Changes in interest rates impact the average interest rate of the Group's loan portfolio, financial expenditure and hence the profitability of the group. The Group is currently hedging interest rate risk using interest rate derivatives.

At the end of the financial year 2024, interest-bearing financial assets were EUR 0 (0) thousand and interest-bearing liabilities EUR 200 (162) million. 77% (66%) of the interest-bearing liabilities are denominated in euros. For all interest-bearing liabilities, the ratio of fixed rate paying liabilities in relation to all interest-bearing liabilities was 66% (69%). Excluding leasing agreements, the ratio of fixed rate paying liabilities was 34% (38%).

Sensitivity of interest expenses has been calculated by assuming a one-off, +1% (100 basis points) increase in the interest rates of interest-bearing financial liabilities and assuming no change in the net debt during the year. The calculated impact on the company's interest expenses is EUR 0.5 (0.5) million.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fail to meet its contractual obligations. The Group's credit risks arise principally from trade receivables and the market value of financial derivatives. The Group's customer base is very diversified, and the Group does not have significant credit risk concentrations related to trade receivables.

The Group companies analyse solvency of new invoicing customers locally. Payment methods mitigating credit risk, such as advance payments, are applied to customers with high risk. The maximum exposure to credit risk corresponds to the book values of the financial assets presented below.

The procedure under IFRS 9 is applied for credit loss provisions where the amount of the provision corresponds to the expected credit losses over the whole lifetime of the receivable. Credit loss provision on the expected credit losses are recognized based on the customers' payment history and expectations on the credit losses. The Group's trade receivables have short maturities, and the time value of the money does not have significant impact when estimating the amount expected of credit losses.

Counterparty risk relating to financial assets and derivatives is mitigated by diversification of exposures between pre-approved, high creditworthy counterparties. ISDA Master agreements have been signed with counterparties when transacting in derivative agreements. The Chief Financial Officer and the Group Treasurer review annually the creditworthiness of financial counterparties using a framework considering credit rating (Moody's, S&P) and sustainability rating (Sustainalytics ESG).

EUR thousand	Expected credit loss rate	Trade receivables (gross)		Deduction related to losses		Trade receivables (net)	
The table below sets forth the maturity distribution of receivables and provisions for impairment based on credit risk estimates.	**%**	**31 Dec 2024**	**30 Sep 2023**	**31 Dec 2024**	**30 Sep 2023**	**31 Dec 2024**	**30 Sep 2023**
Unmatured	0.5%	2,791	2,391	14	12	2,777	2,379
1-30 days	1%	400	256	4	3	396	254
31-60 days	5%	81	-32	4	-2	77	-31
61-180 days	10%	55	11	5	1	49	10
180-360 days	50%	173	46	86	23	86	23
over 360 days	100%	34	26	34	26	0	0
Total		3,533	2,697	148	63	3,386	2,635
Credit card receivables	0.1%	2,340	3,418	2	3	2,337	3,415
Total		**5,873**	**6,116**	**150**	**66**	**5,723**	**6,050**

The groups other receivables do not contain impaired or delayed items. Based on the credit history of other groups, the receivables will be paid when they fall due. The Group has no guarantee for these receivables

Liquidity and refinancing risk

Liquidity risk refers to the risk of the Group not being able to fulfil its payment obligations and refinancing risk refers to the risk of the Group not being able to refinance its maturing liabilities.

The Treasury Policy governs the mitigation of refinancing and liquidity risk by setting requirements on refinancing, the amount of committed credit facilities and the level of liquid assets to be kept available. Group Treasury monitors and forecasts the short- and long-term needs of the Group and ensures that sufficient liquidity and credit facilities are available.

As of 31 December 2024, the Group's liquidity and refinancing position was good. The amount of cash and cash equivalents was EUR 11.8 (22.0) million and the Group had EUR 100 million of undrawn revolving credit facilities (maturing in 2027) in place. Additionally, the Group had a 5 million EUR bank overdraft, unutilized term facilities of EUR 15 million, and a EUR 50 million commercial paper program of which EUR 7.5 million was in use.

Musti Group signed a 3+1-year Facilities Agreement with Danske Bank, OP Corporate Bank plc and Swedbank AB (Publ) on 28th August 2024. The Facilities Agreement consists of a EUR 110 million Term Facility, a EUR 100 million Revolving Credit Facility and an uncommitted Accordion Facility of EUR 60 million. The proceeds were used to refinance existing indebtedness and to support the company achieving long-term strategic goals. The Facilities Agreement matures in August 2027 and with the agreed 1-year extension option, final maturity reaches August 2028.

The Group's financing agreements contain covenants relating to the net debt to EBITDA (leverage) ratio. Violation of covenant terms may increase financial costs or lead to loan termination. The covenants are reviewed and reported to the bank's quarterly. During the financial year 2024, all quarterly covenant conditions were met.

The table below sets forth the Group's financial liabilities under the relevant maturity groups based on the time remaining until the contractual maturity as at the balance sheet date. The figures presented in the table are contractual undiscounted amounts.

Contractual maturities of financial liabilities

	31 Dec 2024						
EUR thousand	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030-**	**Total**
Non-current liabilities							
Loans from credit institutions			94,668				94,668
Lease liability		24,011	17,101	12,127	6,978	6,672	66,889
Other non-current interest-bearing liabilities			2,231				2,231
Current liabilities							
Loans from credit institutions	7,458						7,458
Lease liability	28,706						28,706
Trade and other payables*	31,300						31,300
Total	**67,464**	**24,011**	**114,000**	**12,127**	**6,978**	**6,672**	**231,252**
Interest payments	7,954	6,809	4,430	991	525	257	20,966

	30.9.2023						
EUR thousand	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029-**	**Total**
Non-current liabilities							
Loans from credit institutions		59,943	10,000				69,943
Lease liability		20,481	13,422	8,379	5,546	7,691	55,518
Other non-current interest-bearing liabilities			2,031				2,031
Current liabilities							
Loans from credit institutions	9,412						9,412
Lease liability	24,307						24,307
Trade and other payables*	36,078						36,078
Total	**69,798**	**80,424**	**25,452**	**8,379**	**5,546**	**7,691**	**197,289**
Interest payments	4,680	2,542	1,366	632	387	225	9,832

*Other payables include only items classified as financial assets or liabilities.

The Group's loans from credit institutions on 31 December 2024 amounted to EUR 94.7 (69.9) million. The non-current loans from credit institutions mature in August 2027 and with the agreed 1-year extension option, final maturity reaches August 2028.

Fair value hierarchy

Level 1

Quoted unadjusted prices at the balance sheet date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include investments in funds classified as financial instruments at fair value through profit and loss. Musti Group does not have Level 1 financial instruments.

Level 2

The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. Musti Group has classified derivatives at fair value according to the Level 2.

Level 3

RA financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. Musti Group has classified earn-out liabilities on level 3 of the fair value hierarchy.

Fair value hierarchy

	31 Dec 2024		
EUR thousand	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at amortised cost			
Other non-curret assets		240	
Trade and other receivables*		5,723	
Cash and cash equivalents		11,829	
Financial assets at fair value through profit and loss			
Derivative financial instruments		1,076	
Total		**18,868**	

	30 Sep 2023		
EUR thousand	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at amortised cost			
Other non-curret assets		111	
Trade and other receivables*		6,050	
Cash and cash equivalents		21,954	
Financial assets at fair value through profit and loss			
Derivative financial instruments		1,651	
Total		**29,766**	

	31 Dec 2024		
EUR thousand	**Level 1**	**Level 2**	**Level 3**
Liabilities			
Financial liabilities at amortised cost			
Loans from credit institutions		94,668	
Commercial papers		7,458	
Lease liability		95,595	
Trade and other payables*		31,300	
Earn-out liability			2,231
Financial assets at fair value through profit and loss			
Derivative financial instruments		473	
Total		**229,495**	**2,231**

	30 Sep 2023		
Liabilities	**Level 1**	**Level 2**	**Level 3**
Financial liabilities at amortised cost			
Loans from credit institutions			
Commercial papers		69,943	
Lease liability		9,412	
Trade and other payables*		79,825	
Earn-out liability		36,078	
			2,031
Financial assets at fair value through profit and loss			
Derivative financial instruments			
Total		306	
Yhteensä		**195,565**	**2,031**

*Other receivables and other payables include only items classified as financial assets and liabilities.

5.2 Financial assets and liabilities

Accounting principles

Musti Group classifies financial assets and liabilities according to IFRS 9 based on the cash flow properties of the contracts related to them and their original purpose of use in line with the business model at the time of the acquisition. The classification is changed only if the business model applied in the investment activities is amended. Financial assets or liabilities are presented as a non-current item, if the remaining maturity is over 12 months from the end of the period, and as a current item if the remaining maturity is under 12 months from the end of period. Financial assets and liabilities are classified as follows:

Under IFRS 9, financial assets are classified into the following categories:
I. financial assets at amortized cost
II. financial assets at fair value through profit and loss
III. financial assets at fair value through other comprehensive income

Financial assets

Financial assets and amortized cost

Financial assets are classified as financial assets at amortized cost if the following criteria are met:
I. the financial asset is held to generate cash flows based on the business mode; and
II. the cash flows are contractual capital returns and interest accrued on the capital.

Financial assets at amortized cost are valued using the effective interest rate method.

Impairment is considered in the valuation. Gains and losses are recognized though profit and loss when the financial asset is reclassified or changed or its value decreases. Interest income is recognized in finance income.

Financial assets at amortized cost include term deposits, interest-bearing loans and other receivables, trade receivables and non-interest-bearing receivables.

Expected credit loss under IFRS 9 impacts the valuation of financial assets at amortized cost. Musti Group applies to the valuation of trade receivables the simplified model under IFRS 9 where a provision for credit losses is recognized in the trade receivables based on the expected credit losses. See Note 5.1 Financial risk management.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets acquired for trading purposes.

Financial assets at fair value through profit and loss are derivatives not eligible for hedge accounting. Changes in fair value, as well as profit and loss in connection derecognition, are presented in the profit and loss statement.

Financial assets at fair value through other comprehensive income

Financial assets are classified as financial assets at fair value through other comprehensive income, if the following criteria are met:
I. according to the business model, the financial asset is held to generate cash flows based on a contract or it is available for sale; and
II. the cash flows are contractual capital returns and interest accrued on the capital.

Financial liabilities

Under IFRS 9, financial liabilities are classified into the following categories:
I. financial liabilities at amortized cost
II. financial liabilities at fair value through profit and loss

Financial liabilities at amortized cost

Musti Group's loans from financial institutions, commercial papers and trade and other payables are recognized at the time on acquisition at fair value net of transaction costs. Loans are subsequently measured using the effective interest rate method. The interest expenses of the loans are recorded in the profit and loss statement. Trade and other payables are non-interest-bearing current unpaid payables.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are financial liabilities acquired for trading purposes.

Financial liabilities measured at fair value through profit and loss are derivatives not eligible for hedge accounting. Changes in fair value, as well as profit and loss in connection derecognition, are presented in the profit and loss statement.

Financial assets and liabilities

The table below sets forth the classification of financial assets and liabilities and their book values:

Financial assets

EUR thousand	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Book value	Fair value
31 Dec 2024				
Non-current assets				
Other non-current assets		240	240	240
Total	**0**	**240**	**240**	**240**
Current assets				
Trade and other receivables		5,723	5,723	5,723
Derivative financial instruments	1,076		1,076	1,076
Cash and cash equivalents		11,829	11,829	11,829
Total	**1,076**	**17,552**	**18,628**	**18,628**
Financial assets, total	**1,076**	**17,792**	**18,868**	**18,868**

EUR thousand	Financial assets at fair value through profit and loss	Financial assets at amortised cost	Book value	Fair value
30 Sep 2023				
Non-current assets				
Derivative financial instruments	1,257		1,257	1,257
Other non-current assets		111	111	111
Total	**1,257**	**111**	**1,369**	**1,369**
Current assets				
Trade and other receivables		6,050	6,050	6,050
Derivative financial instruments	394		394	394
Cash and cash equivalents		21,954	21,954	21,954
Total	**394**	**28,004**	**28,398**	**28,398**
Financial assets, total	**1,651**	**28,115**	**29,766**	**29,766**

Financial liabilities

EUR thousand	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Book value	Fair value
31 Dec 2024				
Non-current liabilities				
Loans from credit institutions		94,668	94,668	94,668
Derivative financial instruments	240		240	240
Lease liability		66,889	66,889	66,889
Other non-current liabilities		2,231	2,231	2,231
Total	**240**	**163,788**	**164,028**	**164,028**
Current liabilities				
Commercial papers		7,458	7,458	7,458
Lease liability		28,706	28,706	28,706
Trade and other payables		31,300	31,300	31,300
Derivative financial instruments	233		233	233
Total	**233**	**67,464**	**67,697**	**67,697**
Financial liabilities, total	**473**	**231,252**	**231,725**	**231,725**

EUR thousand	Financial liabilities at fair value through profit and loss	Financial liabilities at amortised cost	Book value	Fair value
30 Sep 2023				
Non-current liabilities				
Loans from credit institutions		69,943	69,943	69,943
Lease liability		55,518	55,518	55,518
Other non-current liabilities		2,031	2,031	2,031
Total		**127,492**	**127,492**	**127,492**
Current liabilities				
Loans from credit institutions		9,412	9,412	9,412
Lease liability		24,307	24,307	24,307
Trade and other payables		36,078	36,078	36,078
Derivative financial instruments	306		306	306
Total	**306**	**69,798**	**70,104**	**70,104**
Financial liabilities, total	**306**	**197,289**	**197,596**	**197,596**

Changes in financial liabilities arising from financing activities

EUR thousand	1 Oct 2023	Cash flows	New leases	Foreign exchange movement	Change in fair values	Other non-cash movements	31 Dec 2024
Current interest-bearing loans and borrowings (excluding items listed below)	**9,412**	-1,955				0	**7,458**
Current lease liability	**24,307**	-33,157	-4,497	-145		42,197	**28,706**
Non-current interest-bearing loans and borrowings (excluding items listed below)	**69,943**	24,475				250	**94,668**
Non-current lease liability	**55,518**		-17,433	-317		29,121	**66,889**
Derivative financial instruments	**306**	-306				473	**473**
Earn-out liability	**2,031**					200	**2,231**
Total liabilities from financing activities	**161,517**	**-10,942**	**-21,930**	**-461**	**0**	**72,241**	**200,425**

EUR thousand	1 Oct 2022	Cash flows	New leases	Foreign exchange movement	Change in fair values	Other non-cash movements	30 Sep 2023
Current interest-bearing loans and borrowings (excluding items listed below)	**14,950**	-6,138				600	**9,412**
Current lease liability	**22,905**	-24,427	1,756	-717		24,791	**24,307**
Non-current interest-bearing loans and borrowings (excluding items listed below)	**59,898**	1,618				8,427	**69,943**
Non-current lease liability	**57,776**		6,841	-2,071		-7,028	**55,518**
Derivative financial instruments	**73**	-73				306	**306**
Earn-out liability	**0**					2,031	**2,031**
Total liabilities from financing activities	**155,603**	**-29,021**	**8,597**	**-2,789**	**0**	**29,128**	**161,517**

Liquid funds

Deposits with a maturity of up to 3 months from the year end are classified as liquid funds and are measured at amortized cost. Cash and cash equivalents include readily available cash and bank deposits, as well as fixed-term deposits.

Liquid funds are regularly assessed for impairment, but the risk is limited due to their high credit rating and short maturity.

Liquid funds

EUR thousand	31 Dec 2024	30 Sep 2023
Cash and cash equivalents	11,829	21,954

Derivative financial instruments

Accounting principles

Derivatives are initially recorded at their fair value on the date of the contract, and they are subsequently valued at their fair value. Derivatives are classified as instruments held for trading and recorded at fair value through profit and loss.

The Group utilizes derivatives for hedging operative exchange risks and interest rate risk. The company does not apply hedge accounting.

The nominal and fair values of the derivatives at the end of the financial period:

EUR thousand	Nominal value	Receivables at fair value	Payables at fair value	Net fair value
31 Dec 2024				
Forward exchange contracts	85,585	1,076	-234	842
Interest rate swaps	35,000	0	-239	-239
Total	**120,585**	**1,076**	**-473**	**603**

EUR thousand	Nominal value	Receivables at fair value	Payables at fair value	Net fair value
30 Sep 2023				
Forward exchange contracts	34,537	394	-306	87
Interest rate swaps	30,000	1,257		1,257
Total	**64,537**	**1,651**	**-306**	**1,345**

Maturity distribution of derivates (at nominal value)

Maturity distribution of derivatives at 31 December 2024

EUR thousand	FY2025	FY2026	FY2027	FY2028	FY2029
Forward exchange contracts	85,011	573	0	0	0
Interest rate swaps	0	0	35,000	0	0
Total	**85,011**	**573**	**35,000**	**0**	**0**

Maturity distribution of derivatives at 30 September 2023

EUR thousand	FY2024	FY2025	FY2026	FY2027	FY2028
Forward exchange contracts	34,537	0	0	0	0
Interest rate swaps	0	30,000	0	0	0
Total	**34,537**	**30,000**	**0**	**0**	**0**

Interest-bearing liabilities

Net debt is the total amount of loans from credit institutions and lease liabilities included in the current and non-current liabilities less cash and bank deposits. The ratio of net debt to EBITDA is linked to the covenants included in the financing agreements.

Net debt

EUR thousand	31 Dec 2024	30 Sep 2023
Non-current interest-bearing liabilities	163,788	127,492
Current interest-bearing liabilities	36,164	33,719
Derivative financial instruments	-603	-1,345
Cash and cash equivalents	-11,829	-21,954
Net debt	**187,520**	**137,912**

Interest-bearing liabilities

	Balance sheet values		Fair values	
EUR thousand	**31 Dec 2024**	**30 Sep 2023**	**31 Dec 2024**	**30 Sep 2023**
Loans from credit institutions	94,668	69,943	94,668	69,943
Lease liability	66,889	55,518	66,889	55,518
Other non-current liabilities	2,231	2,031	2,231	2,031
Total interest-bearing non-current liabilities	**163,788**	**127,492**	**163,788**	**127,492**
	7,458	9,412	7,458	9,412
Commercial papers	28,706	24,307	28,706	24,307
Lease liability	**36,164**	**33,719**	**36,164**	**33,719**
Total interest-bearing current liabilities				
Derivative financial instruments	473	306	473	306
Total interest-bearing liabilities	**200,425**	**161,517**	**200,425**	**161,517**

5.3 Commitments and contingencies

This Note presents information on items not included in calculations when preparing the financial statements, as they do not satisfy accounting requirements yet. These items include guarantees, pledges and contingent liabilities.

Compliance with covenant conditions

Musti Group has EUR 210 million financing agreement that contains a covenant relating to the Group's leverage (net debt to EBITDA) which shall not exceed a ratio of 3.75. The covenant needs to be met constantly, and it is tested on a quarterly basis. The covenant is calculated based on the calculation method agreed on the financing agreement. Violation of the covenant terms may lead to termination of the loans. The covenants have been fulfilled during the financial years 2024 and 2023.

Other commitments

During the periods presented in the financial statements, Musti Group has not been involved in legal proceedings, arbitration or administrative proceedings that could have a significant impact on the Group's financial position or profitability.

EUR thousand	**31 Dec 2024**	**30 Sep 2023**
Other guarantees given on own behalf		
Guarantees relating to rental payments	3,665	3,846
Other commitments	23	23
Total	**3,688**	**3,870**

EUR thousand	**31 Dec 2024**	**30 Sep 2023**
Other commitments		
Lease liabilities for leases not recognised in the balance sheet	750	1,939
Total	**750**	**1,939**

Lease liabilities not recognized in the balance sheet includes the nominal amount of low-value and short-term lease liabilities (refer to Note 3.6) and the liability for agreements that will enter into force in the future.

5.4 Financial income and expenses

This Note presents the Group's financial income and expenses. The Group has entered into interest rate swap agreements to protect itself from the changes of interest of bank loans with variable interest rates, as well as exchange rate hedges for its purchases in US Dollar and British Pound in Finland and Sweden.

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Financial income		
Interest income	2,771	1,209
Exchange gains	1,996	1,398
Exchange gains from derivatives	4,230	2,237
Gain from changes in the fair value of derivatives	1,076	1,651
Other financial income	22	26
Total	**10,096**	**6,522**
Financial expenses		
Interest expenses on loans valued to amortised cost	-6,122	-3,027
Interest expenses from lease liability	-3,676	-2,334
Exchange losses	-3,118	-2,999
Exchange losses from derivatives	-2,763	-1,356
Loss from changes in the fair value of derivatives	-1,731	-600
Other financial expenses	-751	-290
Total	**-18,161**	**-10,605**
Financial income and expenses, net	**-8,066**	**-4,083**

The Group's interest income and other financial income mainly relate to exchange rate gains and interest income and changes in the fair value of derivatives. Financial expenses mainly relate to loans from credit institutions and lease liabilities, and changes in the fair value of derivatives and exchange rate losses.

5.5 Capital Management

The company's Board of Directors is responsible for the capital management strategy. The aim of capital management is to maintain sufficient equity ratio and to comply with requirements set for leverage in financing agreements. Capital sources include operating cash flows, equity financing from shareholders and external loans. Covenants included in financing agreements place requirements relating to the ratio of net debt to EBITDA (leverage). Other terms and conditions on external capital are not applied to the Group. In capital management, the Group's equity consists of equity and liabilities as presented in the balance sheet.

With capital management, the Group aims to safeguard its continuous operations to provide yield to the shareholders and increase the value of the capital that they have invested. The Group monitors the adjusted EBITA, EBITA margin and the net debt ratio to last twelve months adjusted EBITDA.

5.6 Equity

This Note describes items included in the equity of Musti Group.

Accounting principle

The Group's equity includes instruments that evidences a residual interest in the assets of an entity after deducting all its liabilities and contains no contractual obligation for the issuer to deliver cash or other financial asset to another entity. Costs that relate to the issue or repurchase of own equity instruments are recognized as a deduction in equity.

All company shares are reported as share capital. Any repurchase of its own shares by the company is deducted from equity.

The total equity consists of the share capital, the invested unrestricted equity reserve, translation differences and retained earnings.

Share capital

On 31 December 2024, the share capital of Musti Group amounted to EUR 11,001,853.68 and the number of shares was 33,535,453. The company has one share class. Each share entitles its holder to one vote at the general meeting and an equal dividend. The company holds 147,566 own shares.

The Annual General Meeting held on 31 January 2024 authorized the Board of Directors to decide on the repurchase of the company's own shares and/or on the acceptance as pledge of the company's own shares as follows. The number of own shares to be repurchased and/or accepted as pledge based on this authorization shall not exceed 3,185,000 shares in total, which corresponds to approximately 9.5 per cent of all the shares in the company. However, the company together with its subsidiaries cannot at any moment own and/or hold as pledge more than 10 per cent of all the shares in the company.

Own shares can be repurchased only using the unrestricted equity of the company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase and/or acceptance as pledge of own shares. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase).

This authorization cancelled the authorization given by the Annual General Meeting held on 30 January 2023 to decide on the repurchase of the company's own shares and/or to accept the company's own shares as pledge. The authorization is effective until the next Annual General Meeting, however, no longer than until 31 March 2025.

The Annual General Meeting also authorized the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares referred to in chapter 10 section 1 of the Finnish Companies Act as follows. The number of shares to be issued based on this authorization shall not exceed 3,185,000 shares, which corresponds to approximately 9.5 per cent of all the shares in the company. The authorization covers both the issuance of new shares as well as the transfer of treasury shares held by the company.

The Board of Directors decides on all the conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). This authorization cancelled the authorization given by the Annual General Meeting held on 30 January 2023 to decide on the issuance of shares as well as on the issuance of special rights entitling to shares. The authorization is effective until the next Annual General Meeting, however, no longer than until 31 March 2025.

Changes in share capital and invested unrestricted equity reserve

EUR thousand	Number of outstanding shares	Own shares held by the parent company	Total number of shares	Share capital	Invested unrestricted equity
1 Oct 2023	**33,387,887**	**147,566**	**33,535,453**	**11,002**	**118,009**
Capital return	0	0	0	0	0
Acqusition of own shares	0	0	0	0	0
Shares delivered on the basis of the share-based payments	0	0	0	0	0
31 Dec 2024	**33,387,887**	**147,566**	**33,535,453**	**11,002**	**118,009**
1 Oct 2022	**33,291,453**	**244,000**	**33,535,453**	**11,002**	**133,133**
Capital return	0	0	0	0	-16,694
Acqusition of own shares	0	0	0	0	0
Shares delivered on the basis of the share-based payments	96,434	-96,434	0	0	1,570
30 Sep 2023	**33,387,887**	**147,566**	**33,535,453**	**11,002**	**118,009**

Earnings per share

The basic earnings per share figure is calculated by dividing the result for the financial year attributable to the parent company's shareholders by the weighted average number of shares outstanding during the financial year. When calculating the earnings per share adjusted by dilution, the weighted average of the number of shares takes into account the diluting effect resulting from changing into shares all potentially diluting shares.

Earnings per share

	31 Dec 2024	30 Sep 2023
Earnings per share, basic		
Net profit attributable to equity owners of the parent company, EUR thousand	6,700	26,448
Weighted average number of shares	33,387,987	33,374,823
Basic earnings per share, EUR	**0.20**	**0.79**
Earnings per share, diluted		
Net profit attributable to equity owners of the parent company, EUR thousand	6,700	26,448
Weighted average number of shares	33,387,987	33,374,823
Adjustments:		
Average number of treasury shares it is possible to be issued on the basis of the share-based payments	158,160	223,344
Weighted average number of shares for diluted earnings per share	33,546,147	33,598,167
Diluted earnings per share, EUR	**0.20**	**0.79**

Dividend and profit distribution

The parent company's distributable funds total EUR 128,111,254.57 of which the result for the financial year is EUR -2,916,649.09. The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for the financial year ended on 31 December 2024. For the financial year ended 30 September 2023 no dividend was distributed from the 2023 result.

Musti Group plc's distributable funds

EUR thousand	31 Dec 2024
Retained earnings at the end of financial year	13,018
Unrestricted equity	123,349
Own shares	-5,340
Result for the financial year	-2,916
Distributable funds total	**128,111**

Invested unrestricted equity reserve

Under the Finnish Companies Act, the subscription price of new shares is credited to the share capital, unless it is provided in the share issue resolution that it is to be credited in full or in part to the invested unrestricted equity reserve. Contributions to the reserve for invested unrestricted equity can also be made without share issues.

Translation differences

Translation differences arising on the translation of subsidiaries' financial statements into euros are recognized in other comprehensive income and accumulated in equity.

6. OTHER NOTES

6.1 Related party transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence on the other party, or if the parties exercise joint control in making financial and operating decisions. Musti Group's related parties include its subsidiaries, joint venture, Board of Directors and the members of the management team, including the CEO, as well as their family members and entities controlled by these individuals.

The following transactions were carried out with joint ventures:

EUR thousand	31 Dec 2024	30 Sep 2023
Purchases of goods and services	0	4,638
Receivables	0	0
Payables	0	0
Guarantees given	0	0

Related party transactions are executed with the arm's length principle, and their terms and conditions correspond to transactions carried out with independent parties.

During the comparative year, the Group had a joint venture Premium Pet Food Suomi Oy, of which the Group acquired the full ownership on 3rd of April 2023, and it became a fully owned subsidiary. Prior to the transaction, Musti Group held 49.2% of the shares in the company, therefore, transactions and balances with Premium Pet Food Suomi Oy have been included in the presentation of related party transactions. From 3rd of April 2023 onwards the intercompany transactions with Premium Pet Food Suomi Oy are not included anymore in the related party transactions table presented above.

The management's remuneration is presented in the table below. No loans have been granted to the management, and no other transactions have been conducted with the management

Management compensation

The CEO and management team remuneration

EUR thousand	CEO	Management team	Total 2024	CEO	Management team	Total 2023
Salaries and other short-term employee benefits	607	2,223	**2,830**	444	1,574	**2,019**
Short-term incentives	0	0	**0**	107	238	**345**
Pension costs - defined contribution plans	0	527	**527**	0	417	**417**
Total	**607**	**2,750**	**3,356**	**551**	**2,230**	**2,781**

The remuneration of the CEO and the members of the Management Team is presented on accrual basis. The Group management remuneration is described more in detail in the separate Remuneration Statement and Note 2.4 Share-based payments.

Remuneration paid to Board of Directors

EUR thousand	Paid FY2024 1 Oct 2023 - 31 Dec 2024	Paid FY2023 1 Oct 2022 - 30 Sep 2023
Claudia Azevedo (from 12 April 2024)	0	0
Jeffrey David	48	70
Ingrid Jonasson Blank (until 12 April 2024)	45	45
Ilkka Laurila (until 12 April 2024)	43	43
Jõao Amaral (from 12 April 2024)	0	0
Johan Dettel	41	43
Jõao Dolores (from 12 April 2024)	0	0
Inka Mero (until 12 April 2024)	40	40
Total	**216**	**240**

The remuneration of the Board of the Directors is presented on accrual basis. According to the decision of the 2024 Annual General Meeting, the annual fees paid to the Board members were: Chairman of the Board EUR 65,000 and other Board members EUR 35,000. The annual fees paid to the members of the Committees were: Chairman of the Committee EUR 7,500 and other Committee members EUR 5,000.

6.2 Taxes

Income taxes

Accounting principles

The taxes recognized in the consolidated income statement include the Group companies' taxes on current net profits on an accrual basis, prior period tax adjustments and changes in deferred taxes. The Group companies' taxes have been calculated from the taxable income of each company determined by local jurisdiction. The country of registration of each group company is presented in Note 1.4 Group information.

Income tax expenses

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Current tax:		
Current tax on profits for the year	-1,843	-3,934
Taxes for prior years	-112	-172
Total current tax expense	**-1,954**	**-4 106**
Deferred tax:		
Change in deferred taxes	523	-3,123
Income taxes	**-1,433**	**-7,229**

Reconciliation of income tax expense and taxes calculated at the Finnish tax rate 20%

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Profit before tax	8,152	33,717
Tax calculated at Finnish tax rate 20%	-1,630	-6,743
Effect of other tax rates for foreign subsidiaries	-152	-110
Expenses not deductible for tax purposes	-537	-218
Income not subject to tax	0	553
Unrecognized deferred tax assets for losses	-75	0
Utilisation of previously unrecognised tax losses	318	0
Taxes for prior years	-112	-172
Temporary differences in taxation	831	-447
Other items	-77	-92
Taxes in income statement	**-1,433**	**-7,229**

Deferred tax assets and liabilities

Accounting policy

Deferred tax assets and liabilities are recognized on all temporary differences arising between the tax bases and carrying amounts of assets and liabilities. The most significant temporary differences arise from right-of-use assets and corresponding liabilities. Deferred tax liability has not been calculated on goodwill insofar as goodwill is not tax deductible. Deferred tax on subsidiaries' undistributed earnings is not recognized unless a distribution of earnings is probable, causing tax implications. A deferred income tax asset is recognized to the extent that it is probable that it can be utilized against future taxable income.

Deferred tax has been determined using the tax rates enacted at the balance sheet date, and as the rates changed, at the known new rate. A deferred income tax asset is recognized to the extent that it is probable that it can be utilized against future taxable income. The Group's deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority. Deferred taxes relating to IFRS 16 right-of-use assets and lease liabilities have been netted on the consolidated balance sheet but in the specification of the changes below, the gross amounts to the deferred taxes have been presented.

Determinations based on the management's judgement

Determining to which extent deferred tax assets can be recognized requires management's judgement. The management of Musti Group has used judgement when determining if deferred tax asset is recognized for an unused tax loss carry forward or unused tax credits. Recognition is done only to the extent that it is probable that future taxable profits will be available against which the loss or credit carry forward can be utilized. The Group estimates positions taken in tax return with respect to situations in which applicable tax regulation is subject to interpretation. If necessary, the booked amounts are adjusted to correspond to amounts expected to be paid to the tax authorities.

Changes in deferred taxes during financial year 2024

EUR thousand	1 Oct 2023	Recognised in profit or loss	Business acqusitions	Exchange rate differences	31 Dec 2024
Deferred tax assets					
Tax losses	0	1,610			1,610
Intangible and tangible assets	653	-184	142	5	615
Inventories	1,322	245			1,567
Lease liability	14,894	301	3,021	-111	18,105
Other items	9	11		-1	18
Total	**16,878**	**1,982**	**3,163**	**-107**	**21,916**

EUR thousand	1 Oct 2023	Recognised in profit or loss	Business acqusitions	Exchange rate differences	31 Dec 2024
Deferred tax liabilities					
Intangible and tangible assets	2,892	786	329	13	4,020
Right-of-use assets	14,054	250	3,021	-107	17,218
Other items	1,988	423		13	2,424
Total	**18,935**	**1,460**	**3,350**	**-81**	**23,663**
Net deferred taxes 31 Dec 2024	**2,057**	**-523**	**187**	**25**	**1,747**

Changes in deferred taxes during financial year 2023

EUR thousand	1 Oct 2022	Recognised in profit or loss	Business acqusitions	Exchange rate differences	30 Sep 2023
Deferred tax assets					
Tax losses	1,289	-1,232		-57	0
Intangible and tangible assets	846	-148		-45	653
Inventories	1,301	21			1,322
Lease liability	14,969	517		-592	14,894
Other items	11	3		-5	9
Total	**18,416**	**-839**	**0**	**-699**	**16,878**

EUR thousand	1 Oct 2022	Recognised in profit or loss	Business acqusitions	Exchange rate differences	30 Sep 2023
Deferred tax liabilities					
Intangible and tangible assets	1,861	713	407	-89	2,892
Right-of-use assets	13,813	549		-308	14,054
Other items	1,656	572	98	-338	1,988
Total	**17,330**	**1,835**	**505**	**-735**	**18,935**
Net deferred taxes 30 Sep 2023	**-1,085**	**2,674**	**505**	**-36**	**2,057**

At the end of financial year 2024 the Group had no temporary differences on which deferred tax assets were booked for which it is uncertain if they will be realized as of 31 December 2024 nor 30 September. 2023. Deferred tax assets were recognized from the cumulative tax losses for the financial year ended 31 December 2024.

7. PARENT COMPANY FINANCIAL STATEMENTS, FAS

Musti Group plc income statement

EUR thousand	Note	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Net sales		9,247	7,888
Other operating income	7.2	146	946
Employee benefit expenses	7.3	-4,031	-1,676
Other operating expenses	7.4	-23,356	-6,715
Operating profit/loss		**-17,994**	**444**
Financial income	7.5	13,092	8,987
Financial expenses	7.5	-10,758	-5,945
Profit/loss before appropriations and taxes		**-15,661**	**3,487**
Appropriations	7.6	12,800	200
Income tax expense	7.7	-55	-15
Profit/loss for the period		**-2,916**	**3,672**

Musti Group plc balance sheet

EUR thousand	Note	31 Dec 2024	30 Sep 2023
ASSETS			
Non-current assets			
Investments	7.8	132,410	132,410
Total non-current assets		**132,410**	**132,410**
Current assets			
Long-term receivables	7.10	52,141	39,755
Short-term receivables	7.10	95,611	63,871
Cash and cash equivalents		9,424	21,101
Total current assets		**157,175**	**124,727**
TOTAL ASSETS		**289,585**	**257,137**

EUR thousand	Note	31 Dec 2024	30 Sep 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	7.11	11,002	11,002
Other reserves	7.11	123,349	123,349
Own shares	7.11	-5,340	-5,340
Retained earnings	7.11	13,018	9,346
Profit/loss for the fiscal period		-2,916	3,672
Total equity		**139,113**	**142,029**
Liabilities			
Non-current liabilities	7.12	103,634	69,943
Current liabilities	7.13	46,838	45,165
Total current liabilities		**150,472**	**115,108**
TOTAL EQUITY AND LIABILITIES		**289,585**	**257,137**

Musti Group plc cash flow statement

EUR thousand	1.10.2023-31.12.2024	1.10.2022-30.9.2023
Cash flows from operating activities		
Profit before appropriations and taxes	-15 611	3,487
Unrealised foreign exchange gains and losses	112	2,065
Finance income and expenses	-2,444	-5,108
Cash flow before change in working capital	**-17,993**	**444**
Change in working capital		
Increase (-) / decrease (+) of current receivables	-701	4,051
Increase (+) / decrease (-) of current non-interest bearing liabilities	5,332	821
Cash flows from operating activities before financial items and taxes	**-13,363**	**5,317**
Interests paid and other finance costs	-9,411	-3,055
Interests received	10,307	4,901
Direct income taxes paid	477	-2,340
Net cash from operating activities	**-11,989**	**4,822**
Cash flows from investing activities		
Dividends received	3,273	3,740
Long-term receivables, increase (-)/decrease (+)	-13,600	642
Net cash fom investing activities	**-10,327**	**4,382**
Cash flows from financing activities		
Capital returns paid	0	-16,694
Proceeds from non-current loans	95,000	10,044
Repayments of non-current loans	-61,519	0
Commercial papers issued	-1,955	-5,538
Change in internal bank account receivables	-21,087	14,866
Received group contributions	200	0
Net cash fom financing activities	**10,640**	**2,678**
Change in cash and cash equivalents	**-11,677**	**11,883**
Cash and cash equivalents at the beginning of the period	21,101	9,218
Cash and cash equivalents at the end of the period	9,424	21,101

Notes to Musti Group plc financial statements

7.1 Accounting principles

Basis of preparation

Musti Group plc is the parent company of Musti Group, domiciled in Helsinki, Finland. The financial statements of Musti Group plc have been prepared in euros in accordance with the relevant acts and regulations in force in Finland (Finnish Accounting Standards, FAS).

When preparing the financial statements, the management of the company needs to make estimates and assumptions that affects the financial statements valuations. Actual figures may differ from the estimates made.

The company's financial year was extended to 15 months, and it covers the period from 1 October 2023 – 31 December 2024. The financial year was from 1 October to 30 September prior to the change. Due to the extended financial year, the amounts presented in the parent company financial statements are not entirely comparable. As Musti Group has been a part of Sonae Group since March 2024, the financial year was aligned with the parent group.

Valuation and accruing principles and methods

Non-current assets

Investments in subsidiaries are recognized either at acquisition cost or at net realizable value if the value of the investments has declined permanently.

Pension plans

The statutory pension liability of the Finnish personnel and any additional pensions have been arranged through a pension insurance company.

Income tax expense

Income tax includes tax calculated on the profit for the current financial year as well as tax adjustments for previous financial years. No deferred taxes have been booked in the parent company.

Foreign currency items

Foreign currency business transactions are booked using the exchange rate of the transaction date. At the end of the fiscal year all open foreign currency transactions are valued using the exchange rate of the closing date.

Financial instruments

Financial instruments are valued at fair value in accordance with the chapter 5, paragraph 2a of the Finnish Accounting Act. The company classifies financial instruments based on the cash flow properties of the contracts related to them and their original purpose of use in line with the business model at the time of the acquisition. The classification is changed only if the business model applied in the investment activities is amended. Financial assets or liabilities are presented as a non-current item, if the remaining maturity is over 12 months from the end of the period, and as a current item if the remaining maturity is under 12 months from the end of period. Financial assets and liabilities are classified as follows:

Financial assets are classified into the following categories:
I. financial assets at amortized cost
II. financial assets at fair value through profit and loss

Financial assets

Financial assets at amortized cost

Financial assets are classified as financial assets at amortized cost if the following criteria are met:
I. the financial asset is held to generate cash flows based on the business mode; and
II. the cash flows are contractual capital returns and interest accrued on the capital.

Financial assets at amortized cost are valued using the effective interest rate method. Impairment is considered in the valuation. Gains and losses are recognized though profit and loss when the financial asset is reclassified or changed or its value decreases. Interest income is recognized in finance income.

Financial assets at amortized cost include term deposits, interest-bearing loans and other receivables, trade receivables and non-interest-bearing receivables.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets acquired for trading purposes.

Financial assets at fair value through profit and loss are derivatives not eligible for hedge accounting. Changes in fair value, as well as profit and loss in connection derecognition, are presented in the profit and loss statement.

Financial liabilities

Financial liabilities are classified into the following categories:
I. financial liabilities at amortized cost
II. financial liabilities at fair value through profit and loss

Financial liabilities at amortized cost

Musti Group's loans from financial institutions and trade and other payables are recognized at the time on acquisition at fair value net of transaction costs. Loans are subsequently measured using the effective interest rate method. The interest expenses of the loans are recorded in the profit and loss statement. Trade and other payables are non-interest-bearing current unpaid payables.

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss are financial liabilities acquired for trading purposes.

Financial liabilities measured at fair value through profit and loss are derivatives not eligible for hedge accounting. Changes in fair value, as well as profit and loss in connection derecognition, are presented in the profit and loss statement.

Derivatives are initially recorded at their fair value on the date of the contract, and they are subsequently valued at their fair value. Derivatives a classified as instruments held for trading and recorded at fair value through profit and loss.

The Company utilizes derivatives for hedging interest rate risk. The company does not apply hedge accounting.

7.2 Other operating income

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Other income from group companies	146	946
Total	**146**	**946**

7.3 Employee benefit expenses

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Salaries and fees	-3,308	-1,406
Social security costs	-609	-234
Pension costs	-110	-33
Other social security costs	-4	-2
Total	**-4,031**	**-1,676**
Salary and bonus expenses of Chief Executive Officer and Members of the Board of Directors		
Chief Excecutive Officer	607	551
Board of Directors	216	240
Personnel on average	2	2

7.4 Other operating expenses

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Expenses related to the public tender offer	-10,321	0
Administration	-12,780	-6,627
Other expenses	-254	-88
Total	**-23,356**	**-6,715**

Auditors' fees

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Authorised Public Accountants E&Y		
Audit	163	80
Tax consultation	38	16
Other services	20	12
Total	**220**	**108**

7.5 Financial income and expenses

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Other interest and financial income		
From Group companies		
Interest income	6,673	3,702
Dividend income	3,273	3,740
From others		
Other financial income	3,147	1,545
Total	**13,092**	**8,987**
Interest and other financial expenses		
To Group companies		
Interest expenses	-2,241	-42
To others		
Interest expenses	-5,922	-2,864
Other financial expenses	-2,596	-3,039
Total	**-10,758**	**-5,945**
Financial income and expenses total	**2,334**	**3,042**

7.6 Appropriations

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Group contributions received	12,800	200
Total	**12,800**	**200**

7.7 Income taxes

EUR thousand	1 Oct 2023 - 31 Dec 2024	1 Oct 2022 - 30 Sep 2023
Income tax for the financial year	-28	-5
Income tax for prior financial years	-27	-10
Total	**-55**	**-15**

7.8 Investments

EUR thousand	31 Dec 2024	30 Sep 2023
Investments in Group companies		
Acquisition cost in the beginning of the period	132,410	132,410
Increases	0	0
Decreases	0	0
Acquisition cost in the end of the period	**132,410**	**132,410**

Group companies 31 Dec 2024	Share of parent company %	
Musti Group Nordic Oy	100	

The Group's subsidiaries and investments in associates are presented in Note 1.4 in the Consolidated Financial Statements.

7.9 Fair value hierarchy

	31 Dec 2024		
EUR thousand	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at amortised cost			
Other non-curret assets		47	
Trade and other receivables *		86,081	
Loan receivables		52,094	
Cash and cash equivalents		9,424	
Financial assets at fair value through profit and loss			
Derivative financial instruments		18	
Total		**147,664**	

	30 Sep 2023		
EUR thousand	**Level 1**	**Level 2**	**Level 3**
Assets			
Financial assets at amortised cost			
Other non-curret assets		87	
Trade and other receivables *		54,735	
Loan receivables		38,410	
Cash and cash equivalents		21,101	
Financial assets at fair value through profit and loss			
Derivative financial instruments		1,257	
Total		**115,591**	

	31 Dec 2024		
EUR thousand	**Level 1**	**Level 2**	**Level 3**
Liabilities			
Financial liabilities at amortised cost			
Other non-current liablities		8,727	
Loans from credit institutions		94,668	
Commercial papers		7,458	
Trade and other payables *		29,299	
Financial assets at fair value through profit and loss			
Derivative financial instruments		239	
Total		**140,391**	

	30 Sep 2023		
EUR thousand	**Level 1**	**Level 2**	**Level 3**
Liabilities			
Financial liabilities at amortised cost			
Loans from credit institutions		69,943	
Commercial papers		9,412	
Trade and other payables *		31,597	
Total		**110,952**	

* Other receivables and other payables includes only items classified as financial assets and liabilities.

Level 1

Quoted unadjusted prices at the balance sheet date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include investments in funds classified as financial instruments at fair value through profit and loss. Musti Group plc does not have Level 1 financial instruments.

Level 2

The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market information service system, pricing service or regulatory agency. Musti Group plc has classified derivatives at fair value according to the Level 2.

Level 3

A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. Musti Group plc does not have Level 3 financial instruments.

7.10 Receivables

Long-term receivables total

Receivables from Group companies

EUR thousand	31 Dec 2024	30 Sep 2023
Loan receivables	52,094	38,410
Total	**52,094**	**38,410**

Receivables from others

EUR thousand	31 Dec 2024	30 Sep 2023
Other receivables	47	1,345
Total	**47**	**1,345**
Long-term receivables total	**52,141**	**39,755**

Short-term receivables

Receivables from Group companies

EUR thousand	31 Dec 2024	30 Sep 2023
Trade receivables	0	139
Group contribution receivables	12,800	200
Group bank account receivables	73,281	54,397
Prepayments and accrued income	8,102	6,912
Total	**94,183**	**61,648**

Receivables from others

EUR thousand	31 Dec 2024	30 Sep 2023
Prepayments and accrued income		
Income taxes	915	1,418
Value added tax receivables	67	158
Other	446	648
Total	**1,428**	**2,224**
Short-term receivables total	**89,613**	**63,871**

7.11 Equity

EUR thousand	Share capital	Unrestricted equity reserve	Treasury shares	Retained earnings	Equity total
Equity 1 Oct 2023	**11,002**	**123,349**	**-5,340**	**13,018**	**142,029**
Capital return					0
Acqusition of own shares					0
Result for the financial year				-2,916	-2,916
Equity 31 Dec 2024	**11,002**	**123,349**	**-5,340**	**10,102**	**139,113**
Equity 1 Oct 2022	**11,002**	**140,043**	**-6,910**	**10,916**	**155,051**
Capital return		-16,694			-16,694
Acqusition of own shares			1,570	-1,570	0
Result for the financial year				3,672	3,672
Equity 30 Sep 2023	**11,002**	**123,349**	**-5,340**	**13,018**	**142,029**

Distributable equity

EUR thousand	31 Dec 2024	30 Sep 2023
Reserve for invested unrestricted equity	123,349	123,349
Own shares	-5,340	-5,340
Retained earnings	13,018	9,346
Net result for the financial period	-2,916	3,672
Total	**128,111**	**131,027**

7.12 Non-current liabilities

Liabilities to Group companies

EUR thousand	31 Dec 2024	30 Sep 2023
Long-term loans	8,727	0
Total	**8,727**	**0**

Liabilities to others

EUR thousand	31 Dec 2024	30 Sep 2023
Loans from financial institutions	94,668	69,943
Other liabilities	239	0
Total	**94,908**	**69,943**
Non-current liabilities total	**103,634**	**69,943**

7.13 Current liabilities

Liabilities to Group companies

EUR thousand	31 Dec 2024	30 Sep 2023
Group bank account payables	29,252	31,454
Other liabilities	9,299	3,761
Total	**38,551**	**35,215**

Liabilities to others

EUR thousand	31 Dec 2024	30 Sep 2023
Commercial papers	7,458	9,412
Trade payables	47	143
Accruals and deferred income		
Employee benefit expenses	232	155
Interest liabilities	459	213
Incom tax payables	28	0
Other accruals and deferred income	63	26
Accruals and deferred income total	782	395
Total	**8,287**	**9,950**
Current liabilitites total	**46,838**	**45,165**

7.14 Commitments and contingent liabilities

EUR thousand	31 Dec 2024	30 Sep 2023
Pledges given on behalf of group companies		
Pledges given on behalf of group companies	23	23
Total	**23**	**23**

Musti Group plc has given letter of guarantees for the following group companies: Zoo Support Scandinavia AB, Arken Zoo AB and Arken Zoo Holding AB.

Musti Group plc's Board of Directors' proposal to the Annual General Meeting for the distribution of distributable funds and signing of the financial statements and Board of Directors' review

Musti Group plc's distributable funds on 31 December 2024 amount to EUR 128,111,254.77 of which the result for the financial year is EUR -2,915,649.09.

The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for the financial year ended on 31 December 2024.

Helsinki, 13 March 2025

Maria Cláudia Teixeira de Azevedo

João Pedro Magalhães da Silva Torres Dolores

Jeffrey David

João Nonell Günther Amaral

Johan Dettel

David Rönnberg
CEO

Auditor's note

Our auditor's report has been issued today

Helsinki, 13 March 2025

Ernst & Young Oy
Authorized Public Accountants

Johanna Winqvist-Ilkka
Authorized Public Accountant (KHT)

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Musti Group Oyj

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Musti Group Oyj (business identity code 2659161-1) for the year ended 31 December, 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.3 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill *We refer to the notes 3.1, 3.2 and 3.3.* The value of goodwill at the date of the financial statements amounted to 195.2 million euros, representing 44 % of total assets and 117 % of equity. Valuation of goodwill is based on management's estimates about the value-in-use calculations of cash generating units. There are a number of underlying assumptions used to determine the value-in-use of cash generating units, including the development of revenue and profitability as well as the discount rate applied on cash flows. The estimated value-in-use of cash generating units may vary significantly when the underlying assumptions change. Changes in the above-mentioned individual assumptions may result in an impairment of goodwill. The valuation of goodwill was a key audit matter because the assessment process includes judgment, and it is based on assumptions relating to market or economic conditions extending to the future and because the amount of goodwill is significant to the financial statements. Valuation of goodwill was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	To address the risk of material misstatement regarding the valuation of goodwill our audit procedures included among others: • involving EY valuation specialists to assist us in evaluating the methodologies, impairment calculations and underlying assumptions applied by management in impairment testing; • comparing the principles applied by management in the impairment tests to the requirements set in the standard IAS 36 Impairment of assets; • ensuring the mathematical accuracy of the impairment calculations; and • comparing the key assumptions applied by management in the impairment tests to approved budgets and long-term forecasts, information available in external sources, as well as our independently calculated industry averages for example in the case of the weighted average cost of capital used in discounting cashflows. In addition, we compared the outcome of management's impairment test to Musti Group Plc's market capitalization. We also assessed the Group's disclosures in respect of impairment testing.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Recognition *We refer to the Group's accounting policies and the note 2.1.* Musti Group's revenue is generated from sales of products and services in retail stores and online platforms as well as from sales to franchise stores. The Group's net sales amounted to 560.6 million euros. Revenue recognition was a key audit matter due to the high volume of transactions, the management judgement involved in accounting for right of return and loyalty club bonus, and the extensive network of stores. In addition, the Group focuses on revenue as a key performance measure which could create an incentive for revenue to be recognized before the control of goods or services has transferred to the customer. Revenue recognition was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	To address the risk of material misstatement regarding revenue recognition our audit procedures included among others: • assessing the Group's accounting policies over revenue recognition, including principles relating to right of return accounting and loyalty club bonuses in relation to applicable accounting standards; • testing revenue, product returns, loyalty club bonuses and margins with data analytics; • testing selected samples of sales transactions by comparing them to payments received; • understanding the sales processes and reconciliation routines for cash and payment card transactions in selected retail stores; • analyzing the timing of revenue recognition of online sales based on delivery lead times; and • comparing selected accounts receivable balances to confirmations received from counterparties. We also assessed the Group's disclosures in respect of revenues.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of inventories *We refer to the Group's accounting policies and the note 4.1.* The total value of inventories at the date of the financial statements amounted to 66.5 million euros. Musti Group's inventories are valued at the lower of cost or net realizable value. Inventories are presented net of an impairment loss recognized for obsolete and slow-moving inventories. Valuation of inventories was a key audit matter because the carrying value of inventories is material to the financial statements and because valuation of inventories and the level of allowance for obsolete and slow-moving inventories requires management judgment relating to the future sales of the goods. Valuation of inventories was also a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).	To address the risk of material misstatement regarding valuation of inventories our audit procedures included among others: • assessing the Group's accounting policies regarding inventories, including compliance with applicable accounting standards; • attending physical stock takings in selected stores, central warehouses and factory in order to, among other things, observe the potential obsolescence of goods; • comparing unit prices of selected inventory items to latest purchase invoices and to sales prices; and • testing slow-moving inventory items as well as exceptional values in inventory accounting with data analytics. We also assessed the Group's disclosures in respect of inventory.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on March 29th, 2018, and our appointment represents a total period of uninterrupted engagement of seven years. Musti Group Oyj has been a public interest entity (PIE) since February 13th, 2020.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 13.3.2025

Ernst & Young Oy
Authorized Public Accountant Firm

Johanna Winqvist-Ilkka
Authorized Public Accountant

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